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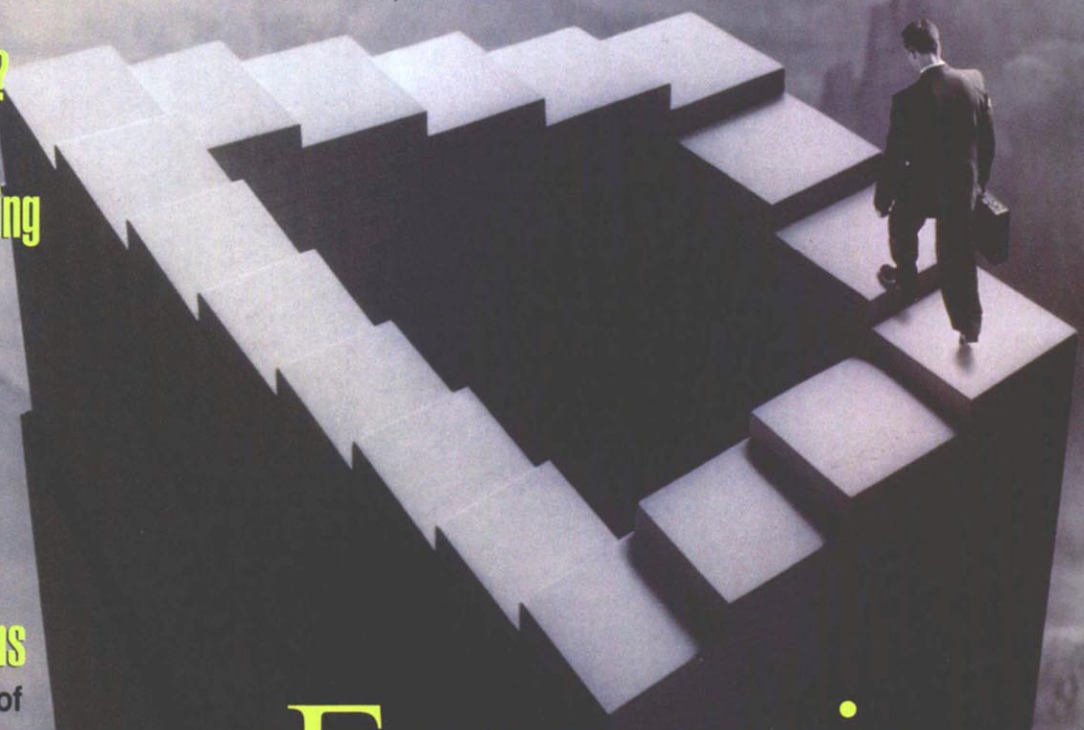

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Economic Anxiety ?

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July/August 1996

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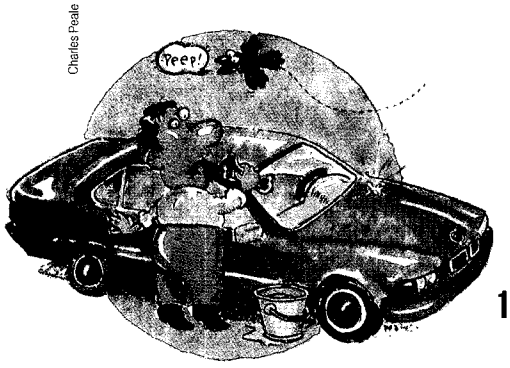

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THE AMERICAN ENTERPRISE

A NATIONAL MAGAZINE OF POLITICS, BUSINESS, AND CULTURE

JULY/AUGUST 1996 VOL. 7, NO. 4

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EDITOR IN CHIEF *KARL ZINSMEISTER*

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BUSINESS MANAGER *CARISA LOPEZ*

INTERNS *ANGELA FONG*

CHIEF OF OPERATIONS *DAVID GERSON*

THE AMERICAN ENTERPRISE
(ISSN 1047-3572), published bimonthly by the American Enterprise Institute for Public Policy Research, 1150 17th Street N.W., Washington, D.C. 20036. Second-class postage paid at Washington, D.C. and additional mailing offices. Copyright © 1996, the American Enterprise Institute. All rights reserved. POSTMASTER: Send all subscription correspondence and address changes to The American Enterprise, P.O. Box 2013, Marion, OH 43305.

LETTERS TO THE EDITOR
"The Mail," The American Enterprise, 1150 17th Street N.W,, Washington, D.C. 20036, or fax (202) 862-7178, or e-mail 75272.1226@compuserve.com.

PRODUCTION AND BUSINESS OFFICE
The American Enterprise
1150 17th Street N.W., Washington, D.C. 20036.
(202) 862-5886.

OFFICE OF THE EDITOR IN CHIEF
The American Enterprise
430 South Geneva Street, Ithaca, NY 14850.
(607) 272-0909.

MANUSCRIPTS
The editors welcome mailed inquiries briefly summarizing article ideas. We will not be responsible for returning any unsolicited manuscripts. Send to Senior Editor at Washington, D.C. address.

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Bird's Eye

KARL ZINSMEISTER

We're Not Victims, Thank You

I was "downsized" out of a job by a financially ailing organization six months after I got married. My wife was four months pregnant. I had just bought a house.

It was one of the best things that ever happened to me. That's because I used the dislocation to launch myself as a self-employed writer. I freelanced on my own for the next eight years. It was a very tough road financially (I never came close to matching my salaried income in any of those years)—but it got me established in an extremely competitive profession. Would I have had the nerve to jump off the diving board if I hadn't been pushed? I think so, but probably not as quickly. Absent the nudge, it certainly would have been easy to put off such a risky move.

My story is not at all unusual. A large proportion of middle-level workers who lose their jobs through downsizing end up employing themselves in their own businesses. One can be sure that over the next year there will be lots of small operations set up in northern New Jersey and across the rest of the country by the men and women released from AT&T. There will also be little boosts felt at hundreds of existing firms as they sign up ex-AT&T people possessing just the skills they've been looking for. Already, high-tech firms like Cypress Semiconductor are crowing about the mini-bonanza these newly available workers represent to competitors who are hiring. While some tough decisions will have to be made, we know that most rehired job losers do as well (or better) financially and otherwise in their new position as they did in their old.

I'm not suggesting that the more management downsizings that take place the merrier we'll be. I merely note that there are advantages to both individual workers and the nation as a whole associated with living in an economy where there is lots of new activity and job flow. Workplaces where every position is securely frozen in time would not only be inefficient, they would be oppressive.

Can coping with a dynamic workplace sometimes be painful? Sure. But most of the political speeches and wailing news stories being printed and broadcast today are grossly misleading in two ways. First, they badly exaggerate the frequency, nature, and severity of economic dislocations. The *New York Times* refers to "an unrelenting angst that is shattering people's notions of work and self and the very promise of tomorrow." *Newsweek* runs menacing mugshots of business leaders under the headlines "Corporate Killers" and "The Hit Men." *Business Week* says today's economy is "a high-wire act for everyone." Labor Secretary Robert Reich argues that "there is something terribly wrong, terribly un-American about the fact that the economy's prosperity is bypassing...most full-time workers." He writes in the *Washington Times* that "the growth in inequality and the precariousness of the middle class are stunningly obvious."

Oh really? I invite the Secretary, and all other readers, to look over the evidence we have assembled in INDICATORS and the articles starting on pages 26, 35, and 40. A great many errors of fact are currently floating around on this subject; in fact, most of the claims about today's American economy being unproductive, unfair, or otherwise in trouble are just bunk.

I've documented the improvements in American living standards fairly methodically in recent issues of this magazine, so for our purposes here I'll just note that the proportion of national income controlled by the bottom 20 percent of U.S. families, the middle 60 percent,

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and the top 20 percent is the same as it was in 1950. During the last decade the middle class has shrunk a bit, but not because it is growing poorer. Rather, a substantial number of formerly middle-class families have graduated into the upper income brackets.

Overflowing all around us are hints of this. Consider, for instance, that more than 200,000 personal watercraft were purchased by American families in 1995—a 41 percent increase over 1994. The average length of these boats was 16' 9", and the average cost was $5,722. Record purchases of appliances, the rising size of homes, more vacation trips, and many other indicators point in this same direction. Middle classes being bypassed on the road to prosperity do not buy trinkets such as these.

Even more grating than the factual truthlessness of today's economic conventional wisdom is the way it portrays the working men and women of this country. The main message is that today's Americans are fragile. Vulnerable. Buffeted by cruel, worldly winds. Helpless *victims,* through and through. Someone's got to save the poor dears. Preferably someone *powerful,* like a big, avuncular corporation, or a warm-hearted national politician who feels their pain.

For an example of this, go to your local library and read the sappy *New York Times* series that we criticize in our lead feature story (page 26). One of the *Times* victims is a family living in a $700,000 six-bedroom house in a gated island community, now facing the terror of scaling back to a four-bedroom place in another gated community. Another pawn got a year's severance pay when he was downsized out of a job. But that was nearly three years ago, and he is still beating the bushes for a decent replacement position, so he's had to tap into his $300,000 savings account to keep up appearances. He juggles his mix of mutual funds, stocks, and bonds, "trying to squeeze out every penny." He's also pinching expenses, sometimes sharing rides to work with his wife because "the transmission in the Mercedes slips so badly." Another man, dislodged from a job in Dayton when his company was taken over, rebounded into a new position in Gainesville, Florida, but suffers the indignity of having to commute there every week—flying his own plane.

Astonished by the *Times'* taste in victims, I could only think, as I read these tales, of the joke about the yuppie who crashes in a rainstorm and crawls out of the wreckage moaning that "my BMW is ruined! Ruined!" "At least you're alive, man. Be thankful," consoles an onlooker. "Oh, but my BMW," he sobs. Then the woman notices his arm has been severed at the elbow. "Good heavens, man, you're hurt!" she cries. The man takes one look at his wound and screams, "Aauuugh! My Rolex!"

One of the more galling aspects of today's hullaballoo is that there should be so much more squawking over economic adjustments now (when it is mostly managers who are being let go) than in times past (when it was more often hourly workers who had to find new jobs). As Jonathan Marshall notes on page 28, much of this is just media myopia: "The victims of job loss these days are white-collar professionals on the two coasts—the sort of people journalists in major media centers know and relate to." What must the average autoworker in Flint, Michigan, who lived through 20 percent unemployment to get his industry back on track, think of the press wailing over today's comparatively modest realignments?

The big conglomerate corporations of the 1950s to 1970s may appear to have offered perfect security to workers, but that is an illusion. As many people lost their jobs then as now (see page 18). And think of what those sluggish, bureaucratic corporations produced: Clunky black AT&T phones with service that hardly improved at all over a whole generation. Junky, chrome-drizzled cars that were more expensive to run, less well built, and dirtier than anything we have now. And lots of other cookie-cutter products and services that didn't satisfy personal needs or extend human options nearly as well as today's companies manage to.

One of the things about this year's presidential primary that surprised and disappointed me was the willingness of some Republicans to buy heavily into this view of American workers as victims in need of shelter. They seemed oblivious to the fact that such an interpretation of the world leads inevitably to statism. The economics long favored by the Left, and recently favored by the Buchananites, would have frail U.S. farmers and steelworkers and phone company managers looked after by either big government or big mama corporations operating under government fiat. Whatever happened to the quaint concepts of self-reliance, adaptability, and competing to win? I'm sorry, but AT&T isn't anyone's mother. It's a business. If you want someone to love, clothe, and protect you forever, look somewhere other than the workplace.

As we mull this question of worker insecurity, perhaps we could keep in mind that we're talking about grown-ups here, people sprung from forebears who defined disaster not as having to live in four bedrooms instead of six, but as having a cloud of grasshoppers eat next year's food supply while it was standing in the field, when the nearest civilization was two hundred hostile miles on foot. This view of American sturdiness is not just nostalgia. Today as in the past, when Americans are asked to choose between a secure, static world and a freer world where there is more risk but also more opportunity, most will choose freedom. Note on page 21 how starkly we differ from the Japanese on this. We are the land of the free precisely because we have been the home of the brave.

Dynamic change has always been the norm in America—just as stasis has been the norm for most other human societies of the last 10,000 years. In 1949, experts forecast that "computers in the future may weigh no more than 1.5 tons." It is mainly thanks to a bunch of restless Americans that they weigh a heck of a lot less than 1.5 tons today. It is easy, especially for those lacking imagination, to look upon the bubbling cauldron where the future is being smelted and see not fresh creation, but only turmoil. It is equally easy to look at a snapshot of one's own era and conclude that all the doors are closed, that tomorrow's winners will be exactly the same as today's.

In a country like ours, such views are ignorant. Many readers will be aware that the Dow Jones Industrial Average is a hundred years old this year. But are you aware that of the 12 blue-chip companies included in the original average, only one (General Electric) has survived? The rest either went out of business or merged into some other enterprise. Likewise, of the 100 largest companies in America at the close of World War I, only 22 continue on that list today.

Or look at American dynamism from the perspective of individuals. Obviously it is enormously easier to stay rich than to be-

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come rich. So how many of the people on the *Forbes* magazine tally of America's 400 wealthiest individuals do you suppose inherited their fortune? Try 82. The other four out of five are self-made.

The decline of the mighty is always big news. What often evades the headline writer is the good news of the rise of economic newcomers. People worry when they hear that tens of thousands of workers will be released by Bell companies. What they never hear about is that other companies, often smaller ones, are adding workers every week. Over the past two years alone, the telecommunications industry in America has created 100,000 jobs, and it's estimated that 3.4 million more will be created over the next decade thanks to deregulation. Most of those Bell people are going to be just fine.

Admittedly, living in a system of dynamic change and renewal can sometimes require steely nerves and brave hearts. But the alternative is far grimmer. If Chrysler had not shed thousands of jobs more than a decade ago, it would have gone bankrupt and left all of its employees in the lurch. Instead, it downsized, allowing the company to rebound and prosper to the point where over the last five years the company has *added* more than 15,000 hourly workers.

In any case, in a country with an unemployment rate of five-percent-plus-change, it seems more than a little hysterical for the newspapers to be talking about economic "trauma," "loss of identity," and "the guilt that psychologists label survivor's syndrome" (supposedly rampant today among people who *haven't* been killed, er, I mean laid off). The *New York Times* portrays Dayton, Ohio, in the wake of NCR layoffs as a ruined shell. Only later is it revealed that the unemployment rate in the county is just 4.8 percent.

Having to pull cash out of your six-figure investment account to fix the Mercedes sounds like a drag. We're pretty confident, though, that the laid-off executives profiled by the *Times* aren't living on mashed turnips this month, even if the reporter who collected their stories does inform us that he tested his "high threshold for tears" in the process.

As economics writer Robert Samuelson noted in one of his searing responses to the *Times* series (extracts reprinted in this issue), what spawned these stories "is a contemporary consciousness, shared by many journalists, that assumes that people are entitled to life without worries, setbacks, or conflicts—and that anything less is a 'crisis' and a 'big story.'" The day we get ourselves into the position where "every personal angst or societal defect merits public sympathy and maybe a governmental solution," Samuelson recognizes, we will become paralyzed, and cease to exist as a bold people.

The two minor themes of this issue fit with the major topic in several complementary ways. Our first side-theme, connected to the opening of the Summer Olympics in Atlanta, is sports. In a variety of personal stories we look at the ways that participation in sports can train us in moral living—sometimes by negative example as much as positive. The first lesson of sports is that when you fall down, you get up. And when you fall down again, you get up again. Occasionally you will be *knocked* down. And then it is most important of all that you get up. Athletic activity forces us to face hard truths about ourselves. Either you sank the jumpshot at the buzzer or you didn't; sports will quickly cure a lack of reality. These kinds of lessons are directly relevant to what I have been talking about in my previous paragraphs. They encourage precisely the kinds of behavior that make citizens self-reliant, productive, and independent in the economic sphere.

The third theme of this issue is Russia—which is this month in the midst of some monumental choices about its future. In four articles plus a fascinating collection of polls we provide some strong hints as to where this critical friend-and-foe is heading. Russia stands at a political crossroads. She also stands at a critical economic crossroads. The Russian privatization program has been one of the most successful in Eastern Europe, and leaves the nation poised for what our correspondents Richard Layard and John Parker predict could be the globe's biggest economic boom of the next generation. But first a few critical hurdles must be passed.

One is simple fatalism and lack of initiative. The awful incentive structure of communism, plus its literal elimination of Russia's *kulaks* and other entrepreneurial types, deepened this problem, but it pre-dates Bolshevism. Recall the economic dithering in Chekhov's *The Cherry Orchard*, where superstitious serfs and ineffectual aristocrats and intellectuals dream vaporously of inheritances or lottery wins that will pull their financial chestnuts out of the fire.

Another dangerous hurdle facing the Russians is their traditional envy of success in others. There is an old joke about a Russian peasant who, upon learning he is to die the next day, is asked to name the one pleasure he would like to experience in his last hours on earth. "To watch my neighbor's barn burn down," he answers. Another of many similar tales is repeated by my colleague Michael Novak: God appears to a babushka to say that she will be granted any one wish, but that her neighbor will get twice of the same. Her instant request: that one of her eyes be poked out. In such folk stories is a great deal of national psychology recorded.

As we in America hear new voices stoking class resentments, feeding fear of competition, and starting visceral arguments over income inequalities, we might think about Russian envy and fatalism, and where it has led them. For while Bolshevism is the final stop for the train of economic jealousy, there are many gloomy intermediate stations all the way down the line.

Let me close on a brighter note: I live in a very liberal college town, and one of the groups marching in a parade I attended with my family this week was the local chapter of the Democratic Socialists of America. Yes, they were all sporting placards, and, yes, they were chanting economic slogans. But what was more interesting to me was that almost every one of them had gray hair. Without making too much of this little indicator, I will note that the high point of class agitation and economic envy in this country came in the 1930s. Perhaps as the Marxist era fades into the past, we will hear fewer clichés about the "economic injustice" of America, and see less agitation on behalf of financial leveling carried out by the state.

Or at least we can hope.

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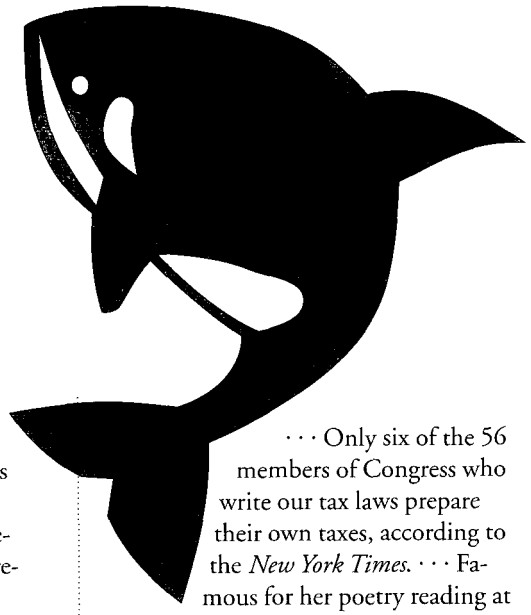
Sidelights



Laura Ingraham of the Independent Women's Forum chastises feminists for failing to cheer the first woman president of the National Rifle Association: "Smith & Wesson and the NRA are doing more to 'take back the night' than the National Organization of Women.... Feminists should applaud every woman who is skilled in handgun use. (Talk about controlling your own body.)" ❧ When **Erik**, a dying Minnesota teen, asked the Make-a-Wish Foundation to help him hunt a Kodiak bear, he drew the ire of Hollywood's compassion elite. "I keep wondering who will be there to grant the bear *his* last wish," harrumphs **Earl Holliman**, president of Actors and Others for Animals. · · · "Save the Whales—Collect the Whole Set!" a new bumper sticker urges. · · · Environmentalism's end point? *E: The Environmental Magazine* recently cast doubt on mother's milk. ❧ A special marriage issue of *The New Republic* featured two endorsements of homosexual marriage, plus an article deriding "divorcephobes." · · · Richer families are less likely to take unpaid leave under the Family and Medical Leave Act than are families with incomes of $20,000 to $30,000. ❧ CBS News producer **Susan Zirinsky** told *TV Guide* that "women on the road" are "more meticulous" than men, "and less cynical," except for Dan Rather: "Dan has the enthusiasm of a girl. There's a girl's soul lurking in him." ❧ First briefs, now make-up: President **Clinton** has admitted using Guerlain Terracotta Bronzing Powder, reports *Cosmopolitan*. · · · "More Americans Smoke than Voted for Clinton," warns the National Smokers Alliance in a new bumper sticker. · · · After Republican Gov. (and would-be vice presidential candidate) **George Voinovich** of Ohio gave his State of the State address, a more conservative GOP state legislator joked with friends, "I suppose you want me to give the Republican response." · · · The wife of Massachusetts Gov. **William Weld**, another hopeful for the Republican presidential ticket, has contributed to Clinton's legal defense fund. ❧ Privatization Update: Venezuela's biggest commercial bank will reportedly be privatized by September; Lesotho announced plans to sell state holdings in 51 companies over several years; Bulgarian privatizations are stumbling, as less than half of those eligible sign up for stakes in 1,000 businesses.

In Wisconsin, a county board's regulations for political rallies have been sensitized: the KKK is no longer a "hate group" but an "unhappy group." ❧ Just as judges push the nation toward legalized euthanasia for the innocent sick, convicted murderers like **William Kirkpatrick** and **Guinevere Garcia** have lashed out at other liberal jurists who are attempting to prevent them from being executed: "I'm guilty.... I feel no remorse! Give me my execution date and kill me!!!" wrote Kirkpatrick. ❧ As Virginia Gov. **George Allen**'s welfare reforms requiring work took effect, aid recipient **Shanitra Davis** told the *Washington Post*, "Welfare is like an addiction, tempting you to sit at home." ❧ "Every American child," notes Idaho Senator **Larry Craig**, "is born already owing $18,500 as his or her share of the national debt. No wonder babies cry so much." · · · Whatever her present attitude toward tax cuts, **Hillary Clinton** was an enthusiast in 1981, writing her Whitewater partner **James McDougal** that "if Reaganomics works at all, Whitewater could become the Western hemisphere's Mecca." · · · By waiting two years after **Jacqueline Kennedy Onassis**'s death to auction her estate, the Kennedy family only had to pay capital gains taxes, whose rates max out at 28 percent, rather than estate taxes that run 37 percent to 55 percent—a savings of millions of dollars.

· · · Only six of the 56 members of Congress who write our tax laws prepare their own taxes, according to the *New York Times*. · · · Famous for her poetry reading at President Clinton's inauguration, author **Maya Angelou** is now earning over $4 million a year. · · · Good-looking lawyers, male and female, earn more than their plainer peers, and private-sector barristers are handsomer than government lawyers, the National Bureau of Economic Research reports. · · · A recent poll of young adults found that almost two-thirds of them have purchased lottery tickets this year, while less than a third have put a penny into stocks, bonds, mutual funds, 401(k) plans, or IRAs.

When the sun sets after the fifth inning at Baltimore's Camden Yards, dozens of Orthodox Jews head for a small room behind the kosher food stand to say evening prayers; "it's very convenient," says 28-year-old **Josh Jacobs**. · · · The *mikvah*, or ritual purification bath, is enjoying a revival among Reform Jews across the country, the Associated Press reports. ❧ **Noelia Garcia**, a 21-year-old leading French model, has also gained fame for joining in abortion clinic "rescues." "I am a true feminist," she says, "I don't want every boy...to regard me as a potential aborter, a piece of meat. How can a man respect a girl if he thinks she will abort a baby?" ❧ Why Marxism doesn't sell well in America: **Lance R. Primis** started at the New York Times Co. answering phones in the classified-ad department but rose to be president and chief operating officer. Now, the *Wall Street Journal* says, he may take over as CEO from the Sulzberger and Ochs clans who've run the firm for a century.

—*SW*

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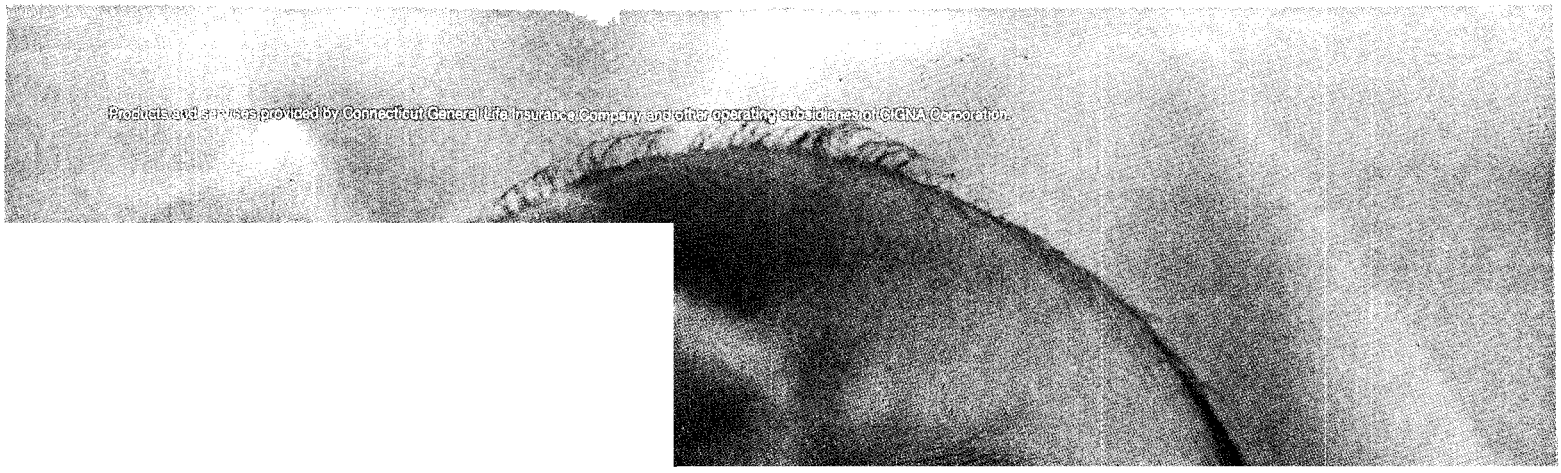

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A Business of Caring.

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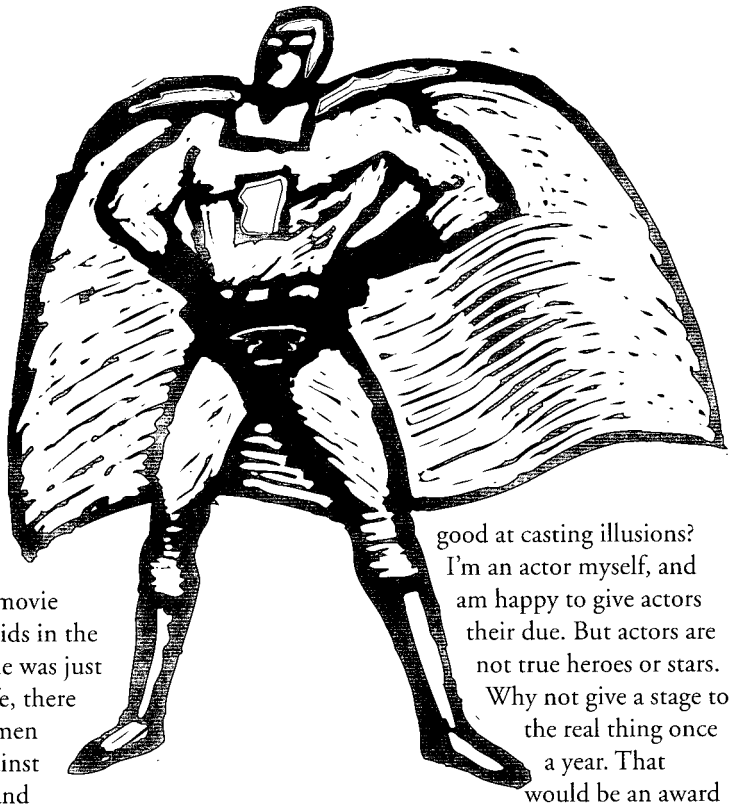
SCAN



WHY NOT REAL AWARDS FOR REAL ACHIEVEMENTS?

Strange. We have an Oscars ceremony to tell wildly pampered people (the kind who demand and get Evian water for their Winnebago showers while on location) how great they are for daring to stand in front of a camera for thousands of dollars per day, playing the role of, say, a brave cop. Yet we have no TV award show that gives recognition to real cops who really do risk their lives year in and year out to keep other people safe. Why not have a nationally broadcast presentation of prizes for officers who deserve some thanks from society?

Or maybe firemen. Ron Howard and others have made fine movies about firemen, and these sometimes garner Oscars. But we have hundreds of thousands of real firemen who day in and night out risk their lives in the most dangerous job in America. Why not have a show that recognizes these brave men and women for the lives they save?

Last year Michelle Pfeiffer starred in a fine movie about teaching kids in the inner city, but she was just acting. In real life, there are men and women who struggle against danger, apathy, and shortages of material and money to teach children and give them hope. Sometimes these teachers are even injured in their classrooms, as recently happened here in Los Angeles. Why not acknowledge this?

Movie-viewers and TV-watchers are used to seeing heroics and tears in emergency rooms. But those scenes are just pretend, staged by people paid thousands of dollars a week to do it. In America, actual nurses and doctors get exposed to HIV and spat upon and wrenched emotionally while trying to save the lives of people they don't even know. They often make the difference between life and death. Why don't they have an award? Why aren't they ever called before national cameras?

We have a million military men and women living in bitter cold in Korea, mud in Bosnia, wretched heat in Cuba and Haiti, separated from their families for six months at a time while on submarines, landing jets on aircraft carriers at night—as frightening an exercise as exists on earth—all in order to protect us and keep us free. We have Marines at Parris Island, sailors on the water, and airmen flying over Iraq who live modestly, train, fight, and sometimes die with no day-to-day TV recognition. Why not fix that?

Why not put before America the best real men and women we produce, instead of only showing the folks who are good at casting illusions? I'm an actor myself, and am happy to give actors their due. But actors are not true heroes or stars. Why not give a stage to the real thing once a year. That would be an award ceremony worth watching.

*—**Ben Stein** is a writer, actor and lawyer in Malibu, California, and a regular contributor to* The American Enterprise.

REBELLING THEMSELVES TO DEATH

Over-ripe cultural movements will often inadvertently reveal themselves in ways so deeply damning that not even an enemy of the movement could produce a stronger indictment. Recently, *Washington Post* columnist and feminist Judy Mann wrote a review of a book by an NPR contributor that represents just such an event. From her perfect still-life of modern, relativistic, multicultural liberalism run amuck, here are some extracts:

"Marion Winik, a commentator with National Public Radio, was 24 years old, an inspiring poet living in New York, when she met Mario Anthony Heubach, an openly gay ice skater. She found his 'combination of James Dean cool and genuine niceness…wildly attractive.'… Marion was sitting on his lap within an hour of their first meeting.

"She was a heavy heroin user, and he used just about everything but, an omission she quickly repaired. In a revealing note about her heroin use, she writes, 'The minute someone said I shouldn't do something or I couldn't have something, this is not allowed, don't go in there, stay away,

TAXING READING

Humorist Dave Barry is convinced the IRS is working hard to develop a tax form so scary that merely reading it will cause the ordinary taxpayer's brain to explode. His candidate for their best effort so far is Schedule J, Form 1118, whose title alone makes our head ache: *Separate Limitation Loss Allocations and Other Adjustments Necessary to Determine Numerators of Limitation Fractions, Year-end Recharacterization Balances, and Overall Foreign Loss Account Balances*

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every cell in my body rushed toward it, every synapse in my brain started firing. I had to turn that no into a yes or die trying.'

"She used the same approach toward Tony, who was not much interested in having sex with her. She, on the other hand, was obsessed. Once she caught him French-kissing an old boyfriend, and she flew into a furniture-destroying rage…

"They ended up settling in Austin and were married in March 1986. He took her name, discarding that of his father, whom he hated… Beauty, she writes, 'had so much to do with it. I loved being with Tony and being seen with Tony because he was so beautiful.' Sometimes he comes across as spoiled and self-centered, but then so does she. It is a testament to just how powerfully women are conditioned that she was determined to complete herself by having a family.…

"Tony tested positive for the virus that causes AIDS in 1985. At the time he figured he had been infected for three years. Remarkably, Marion, who had been sharing needles with him as well as occasional unsafe sex, was not infected. Her sister's heroin-using husband was also infected, although the sister was not, which got Marion to thinking the sisters had some kind of immunity.…

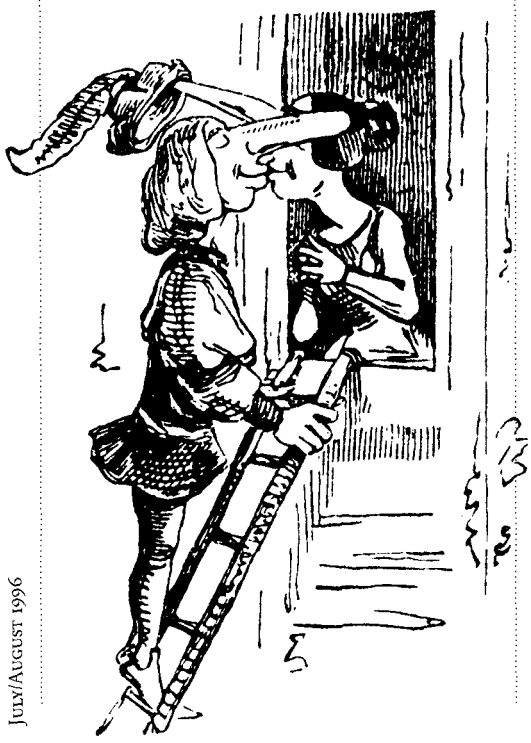
"The couple tried to minimize the risk of unprotected sex by limiting it to Marion's ovulation cycle. At the dawn of Ovulation Day, as she put it, she gave up all substances that were ever suspected of having harmful effects on fetuses.

"The first baby, a boy, died in utero, days before he was to be born. The loss sent Tony back to drugs. He hit Marion, the first of many such incidents as he spiraled into despair. By the time their two other young sons were born, Tony was back to using cocaine and heroin.… By 1994 Marion realized that for her sake and her children's, she had to get Tony out of her house. She filed for divorce, severing the last tie that bound him to the living.

"How could she? you might ask. She did what women too often fail to do: stop caring for abusive husbands and start caring for themselves and their children. At the end, however, she showed extraordinary courage and love for Tony by helping him die with a lethal overdose of Nembutal before he entered the final, humiliating stages of AIDS.

"*First Comes Love* is a surprisingly intense and intimate book that leaves you wondering about the lengths to which people will go in defying norms."

To which we add, you can say that again.



THE MAN BEHIND *BRAVEHEART*

Braveheart is that rarest of films: It was a runaway box office hit. It received a stamp of approval from Hollywood insiders in the form of an Academy Award for Best Picture. And cultural conservatives loved it—for its powerful, principled celebration of freedom, faith, honor, honesty, and devotion to kin.

The film's moral virtue is no accident. Its director and star player was Mel Gibson, a devoted Catholic who had Latin Masses conducted on the set throughout the filming. And the epic script was penned by a former Methodist youth pastor from Tennessee who studied religion at Duke University, later becoming a country and western songwriter, novelist, and finally screenwriter. His name is Randall Wallace.

I recently heard Wallace speak at the Hollywood Presbyterian Church in Los Angeles. He turns out to be a man of great passion and deep Christian faith who says that a key to his success was writing the kind of film he would like to see himself, instead of one designed by Hollywood marketing executives. And, no, the Wallace name is not a coincidence. William Wallace, the Scottish hero whose life story is the basis for *Braveheart,* was a distant ancestor.

Wallace says he was first inspired to write *Braveheart* when he happened upon a statue of William Wallace 13 years ago while travelling in Scotland with his wife, and learned of the hero's exploits. The screenwriter wove Wallace legends together with a portrayal of another Scottish champion, Robert the Bruce, whose betrayal of Wallace reminded the writer of the betrayal of Jesus Christ by Judas Iscariot, a metaphor whose power surfaces several times in the movie.

The film upholds the fight for freedom over tyranny, and the importance of individual character and commitment to godly principles. As leading man Gibson says, "William Wallace was a man who stood for what he believed in, while Robert the Bruce and other nobility changed sides as often as some people change their underpants."

Randall Wallace made his movie debut with *Braveheart,* but we'll be hearing a lot more from him in the future through other projects that communicate the value of high moral character. One such project is a film called *On Wings As Eagles* (an allusion to Isaiah 40:31), which will star Arnold Schwarzenegger. Based on a true incident, the movie depicts a Luftwaffe officer who refuses to carry out an order to execute concentration camp prisoners at the end of World War II, arming the prisoners instead and encouraging them to fight for their lives. Another of Wallace's current projects is his film version of the best-selling book *We Were Soldiers Once…And Young,* which chronicles the bravery of a group of cavalry soldiers in a battle in Vietnam. Part of the proceeds from the film will go to a scholarship fund for descendants of the Americans killed or wounded in the engagement portrayed.

*—**Dave Geisler** often writes on movies for* The American Enterprise *from Los Angeles.*

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ONE TOUGH GOVERNMENT DOWNSIZER

Recently, journalists submitted this question to the presidential candidates:

"List which federal government departments, if any, you would close."

President Clinton's hearty reply:
"The era of big government is over.... We plan to eliminate many programs, such as the Tea Tasters' Board, Uniformed Services University of the Health Sciences, and the Naval Academy's own dairy farm."

IS LEAN MEAN?

No one can ignore the pain of layoffs in industry, but as a businessman who has lived through restructuring firsthand, I can say that the phenomenon is not entirely negative.

Consider the experience of our company. In the early 1980s, as the synthetic fuel program was curtailed, we suddenly were faced with severe losses that threatened the existence of our company. We had a choice: either downsize or perish. If anyone thinks that was an easy decision, he's dead wrong. We spent many sleepless nights balancing our concern for the families of those we could no longer afford to keep on payroll against the high possibility of the company going bankrupt. Only the alternative of losing all jobs instead of some of them sustained our resolve as we made stomach-churning decisions. We did as much as we could to ease people's burdens—offering early retirement, giving generous severance pay—but there was pain for all. We had to eliminate one whole layer of management, 14 vice presidents, and about 40 percent of our permanent staff.

Ten years later we are employing seven times as many people, our profits are five times what they were in our best boom year of the late '70s—and we still have not restored that layer of management. Our business continues to grow at 15 to 20 percent per year because we have become a much leaner and more competitive company. Restructuring actually created more jobs for us after the immediate reductions.

The experience of our company is being repeated throughout industry today. Redundant layers of management are being stripped away, leaving companies that are more competitive because they are less hierarchical, with decision-making pushed lower down in the corporation structure. America's great market system, the efficiencies it induces, and the entrepreneurial energy of our people are creating new jobs at a record pace.

We should remember, then, amid all the hand-wringing about layoffs from restructuring, that a single recent month saw hundreds of thousands of jobs created. The two facts are not contradictory: Be more competitive, sell more, and buy more from your suppliers, and you will create jobs throughout the system. Middle-management people—who are suffering the most job-losses under restructuring today—should take heart from the recent finding by the Bureau of Labor Statistics that an unusually high proportion of the new jobs being created by rejuvenated companies are also for middle-management employees.

Despite the immediate pain and dislocation it brings, restructuring can quickly result in more good than loss. The winners are companies, workers—and America.

*—**Joseph J. Jacobs** is founder and chairman of the board of Jacobs Engineering Group Inc., and author of* The Compassionate Conservative *and* Anatomy of an Entrepreneur.

WEALTHY, HEALTHY, AND WISE

Income inequality is a hot topic these days, but one crucial part of the story tends to be ignored: the hidden wealth levels of average Americans in the accumulated value of assets like pension plans, mutual funds, IRAs, life insurance, and home equity. These kind of instruments are now a common part of middle-class life, and their cumulative value has skyrocketed.

Consider pension plans. As recently as 1980, America's personal pension plans had total assets of $873 billion. In 1994, the plans owned by average Americans were worth $4.7 trillion. And that huge figure doesn't even include the money citizens have stashed in IRAs, profit-sharing plans, U.S. government pensions, and Social Security benefits. Over 50 million Americans now have employer pension plans—an immense trove of financial strength.

We tend not to think of such benefits as real income. But they are. And their growth needs to be thought of as an increase in compensation.

Other fast-growing personal assets include 401(k) plans (worth $475 billion in 1993, up from $55 billion in 1984); mutual funds (worth $2.2 trillion in 1994, up from $135 billion in 1980); life insurance (valued at over $11 trillion dollars in 1993, up from $3.5 trillion in 1980); and the IRAs and Keoghs that 15 million Americans own (whose stock holdings alone are worth $560 billion).

This wealth is being spread around to more and more Americans. The proportion of the civilian labor force owning a private pension has quadrupled since World War II. As recently as 1952, fewer than 5 percent of the population owned stock directly in New York Stock Exchange companies, but now over 20 percent of us do. And that doesn't count the stock we own "indirectly" through our mutual funds and so forth.

The homes owned by seven out of ten of us represent another expanded store of wealth. No more rewarding investment for so many people has ever existed anywhere. And this asset keeps us dry in the rain, too.

America's economic performance is hardly perfect, and we should be concerned for the significant minority of the population not included in these statistics. But those who say Americans have been getting poorer are simply wrong. The worst mistake we could make would be to underrate the power of our free economy and the skilled people who power it.

*—**Philip Merrill** is publisher of* Washingtonian *magazine.*

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POOR-MOUTHING THE RICH

The rich are the Rodney Dangerfields of the economy—they get no respect. Social critics depict America's wealthy as lucky, greedy, undeserving, uncaring, arrogant. But in practice, the rich do some important things for the rest of us.

For starters, they pay most of the taxes that provide the public goods we all consume. Those in the richest fifth of income-earners paid 73 percent of the nation's income taxes in 1994. The bottom 60 percent of income-earners paid only 9 percent. (The poorest 20 percent are net receivers of money from taxpayers.)

The rich donate more to charity. On average, a household in the highest income bracket gave $2,500 in 1993, compared with $300 for a typical family in the bottom fifth.

The rich provide jobs. Many of America's wealthiest citizens today earned their money by starting their own companies, building enterprises from scratch that eventually provided livelihoods for thousands of workers. In 1984, for example, Michael Dell started making and selling IBM PC clones through the mail from his college dorm. Today, Dell Computer employs over 8,000 people, and Mr. Dell is prosperous. This (and not inheritance or good luck) is the main route to richness in this country. *Forbes* reports that fully four out of five of today's richest Americans are self-made, up from three out of five in 1984.

The rich create new, better, and cheaper products that we all enjoy. You don't get rich by selling only to the rich. By and large, entrepreneurs are able to make their millions only if they can bring their products within the reach of the masses. Things like effective new medicines, prepared foods, a popular novel, the Yellow Pages, have netted their creators millions, but they have made us, in a very tangible sense, more wealthy as well.

The rich, moreover, are investors. They put their savings into stocks and bonds, providing companies the funds they need to expand.

But perhaps most important for the growth of the economy, the rich spend their money, often providing the first market for new products. An untested innovation usually starts out prohibitively expensive. Only as it becomes more commonplace does its price come down within reach of middle-class or poor families. A three-minute, coast-to-coast telephone call cost $20.70 in 1917, or the equivalent of 56 hours of work at the average hourly wage of 37 cents. Today, the same connection costs less than 50 cents, or about three minutes of labor. Automobiles, personal computers, televisions, and so many of the products we take for granted experienced the same progression. A cellular telephone sold for $2,150 in 1987, compared to today's smaller, more powerful model costing less than $200. The rich in effect pay the fixed costs of starting an industry, while the rest of us pay only the marginal cost of a copy.

Most of us would like to be rich. If that's not possible, the next best thing for the economy is for others to be rich.

*—**Michael Cox** is vice president of the Federal Reserve Bank of Dallas.*

UNCOMFORTABLE PROSPERITY

"One measure of America's greatness is the extent to which we are insulated from the sorts of life-and-death concerns that have preoccupied most of the human race throughout most of the world for most of its history. Not only have we never had it so good, no one has ever had it so good. One paradoxical consequence of our unprecedented prosperity and security has been the proliferation of outrage. From endangered blue-collar workers to suburban feminists, from downsized middle managers to animal-rights activists, everybody these days seems to have a grievance against the system that has brought us all this fantastical wealth.... The more comfortable we get, the more uncomfortable it makes us."

—James Bowman, *The American Spectator,* April 1996

THE WORLD SHERIFF AND BIG GOVERNMENT

At a recent conference at the American Enterprise Institute, Wilsonian foreign policy crusader Joshua Muravchik and cautious realist Owen Harries (editor of *The National Interest)* clashed over the merits of an "engaged, proactive, interventionist, and expensive" foreign policy.

Only the United States has the right, responsibility, and power to oppose aggression and promote democracy across the globe today, Muravchik argued. America's retreat to isolationism between World War I and World War II was disastrous. It is in our best interest, and the world's, for America to provide global leadership, he urged.

To which Harries responded: not really. Aggressive promotion of a Pax Americana reflects a Cold War nostalgia rather than an intelligent foreign policy. The collapse of Soviet communism justifies a more fundamental "reordering of priorities," he suggested.

The idea that the United States "must lead" most international actions is a terrible mistake, warned Harries, because it is incompatible with the conservative domestic agenda of balancing budgets and reducing the power of the central government. The "mediator-teacher-benefactor-sheriff foreign policy that Muravchik advocates," Harries insisted, "must mean a powerful-demanding-expanding-intrusive central government at home." "Yes," snapped Muravchik, "and lack of preparation for war has been an engine for Big War. I prefer Big Government."

Though they were ideological bedfellows when the Soviet empire menaced the world,

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the collapse of international communism has left Harries and Muravchik—and many other Americans—pondering starkly different U.S. foreign policies in the 1990s.

SOFT HEADS OVERTAKE HARD HATS

On May 8, 1970, 200 unionized construction workers marched on Wall Street to oppose student radicals, politicians, and intellectuals who had gathered earlier that day to protest the Vietnam War. The hardhats pummeled the anti-war agitators, screaming "Kill the commie bastards." Throughout the next week, lower Manhattan witnessed numerous mêlées between union members and student radicals. The president of New York City's Building Trades Council, William Brennan (soon to become President Nixon's Secretary of Labor), declared that local labor officials backed the workers' actions by 20 to one.

National labor officials shared the rank-and-file's attitude toward those the hardhats called "hippie traitors." In 1968, when the United Auto Workers threatened to leave the AFL-CIO because of the opposition of AFL-CIO founder George Meany to an alliance with left-wing intellectuals and students, Meany bid the UAW good riddance. The AFL-CIO also refused to endorse George McGovern for president. The colorful Alexander Barkan, head of the AFL-CIO's Committee on Political Education, denounced the McGovernites as "fags, feminists, and far-outs" who were turning the Democrats into the party of "acid, amnesty, and abortion."

Today, Meany and Barkan must be spinning in their graves, for the AFL-CIO has been taken over by the very elements they despised. The vow of current AFL-CIO President John Sweeney to "take back the Congress" by spending $35 million of individual member dues to unseat 75 Republicans has raised some eyebrows in union locals. But what the 13 million dues-paying members of AFL-CIO unions may not realize is just how far out of the mainstream Sweeney and his advisors are.

The *Democratic Left*, the publication of the Democratic Socialists of America boasts that John Sweeney is a DSA member in good standing. Aides to Sweeney play prominent roles in the organization, which was founded "to build a movement strong enough to place socialist values and programs into the mainstream American agenda." President Clinton may have declared that "the era of big government is over," but the DSA isn't convinced. The *Democratic Left* argues for Canadian-style socialized health care, opposes the war on drugs, and publishes articles on "Why Welfare Works and Workfare Doesn't."

On foreign policy, the DSA is a bastion of the anti-Americanism Meany abhorred. In the 1980s, the DSA supported Latin American leftists and Soviet-backed "peace" initiatives. During the Gulf War, DSA co-chair Barbara Ehrenreich declared she was more worried about the belligerence of George Bush than of Saddam Hussein.

Last December, Sweeney's admiration for European-style socialism led him to hail French transit workers' month-long strike against health care and pension reforms. "I couldn't help but be impressed," he declared, noting that "in France, the workers shut down the country—even though only 8 percent of the work force is organized."

For Sweeney, the French strikers' success reinforces the idea of using strikes to prevent government job cuts. Sweeney knows the only recent growth in union membership has been among government workers. Today, nearly 40 percent of government workers are unionized, compared to less than 11 percent of private-sector workers. Sweeney's confrontational politics aim to protect his members by preventing the downsizing of government. If the AFL-CIO doesn't succeed at "taking back the Congress" this fall, perhaps we will see a French-style campaign of strikes to prevent budget cutbacks.

The shift from Meany's moderation to Sweeney's radicalism has brought the AFL-CIO high praise from the Communist Party USA, a staunch critic in Meany's day. In the April issue of *Political Affairs: The Theoretical Journal of the Communist Party USA*, an editorial proclaimed Sweeney's election to the AFL-CIO's presidency as "nothing less than historic...the most dramatic expression of the fact that a turning point in the class struggle is now taking place." The Communist Party crowed that "We are in complete accord with the AFL-CIO policies and plans" for the 1996 elections.

However well John Sweeney's politics dovetail with the views of the Democratic Socialists of America or the aging remnants of the Communist Party, one wonders how his positions will ultimately play with the rank and file. A recent nationwide survey by Luntz Research found that 76 percent of union members call themselves conservatives or moderates. Yet, for now, the U.S. labor movement has been taken over by the 1960s radicals who once found unionized working men and women to be some of their fiercest opponents.

*—**Kenneth R. Weinstein** is director of the Government Reform Project at the Heritage Foundation.*

OUR DELICATELY BALANCED MEDIA

A recent Roper Center survey discovered that only 2 percent of all major-media bureau chiefs and political reporters based in Washington identify themselves as conservative, and that 89 percent voted for Bill Clinton in 1992, compared to just 7 percent for George Bush. That can be weighed against the 43/38 percent split among the overall American public. (For more on media bias, see our March/April special issue on the subject.)

These findings caused spluttering among partisan reporters like *Wall Street Journal* editor Al Hunt. A few journalists, however, admitted qualms.

Howard Kurtz of the *Washington Post* entered this reservation: "There is a diversity problem in the news business, and it's not just the kind of diversity we usually talk about, which is not getting enough minorities in the news business, but political diversity, as well. Anybody who doesn't see that is just in denial."

Newsweek Washington bureau chief Evan Thomas also commented bravely: "There is a liberal bias. It's demonstrable. You look at some statistics. About 85 percent of the reporters who cover the White House vote Democratic, they have for a long time. There is a, particularly at the networks, at the lower levels, among the editors and the so-called infrastructure, there is a liberal bias. There is a liberal bias at *Newsweek*, the magazine I work for—most of the people who work at *Newsweek* live on the upper West Side in New York and they have a liberal bias.... ABC White House reporter Brit Hume's bosses are liberal and they're always quietly denouncing him as being a right-wing nut."

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UNIONS KNEE DEEP IN POLITICS

The special $35 million fund the AFL-CIO will spend over the next several months to try to drive Republicans out of the House of Representatives is apparently not popular with union rank and file. Just 31 percent of union members support the campaign. Worse, less than half of all union members know that their national organizations are garnishing their wages with a special "emergency" levy to pay for it.

The $35 million attack fund is actually just the tip of the iceberg. Unions will make up to $50 million in PAC donations to friendly politicians this year. And they will supply staff time, phone banks, and other material resources that will reportedly bring total union spending to influence this November's election over the $400 million mark.

With 87 percent of union members supporting a welfare clampdown, 82 percent favoring a balanced budget amendment, and more than three-quarters backing tax cuts for families, it's likely that many union men and women are uneasy about organized labor's massive support for liberal Democratic candidates. Or at least they would be if they knew about it.

The conservative targets of Big Labor's attack campaign ought to give conscientious objectors in union ranks the tools they need to bail out. Only 19 percent of all union members know they are entitled to a refund of the portion of their dues spent on politicking if they so request. When that right was explained to them, a majority of unionists polled said they would like their money back. A hefty 84 percent of union members would support a new law requiring their union to publish a full annual disclosure of exactly where member dues go. Our representatives in Washington ought to push legislation to give unionized Americans this information. Congress should also consider, suggests the *Washington Times,* repealing the portions of the National Labor Relations Act and Railway Labor Act that allow unions to force workers to join up and pay dues as a condition of keeping their job with certain employers.

The special privileges unions have over other citizen groups in the political arena ought to be eliminated immediately. And if union leaders want to try to pick the next Congress, their members ought to have some say in the matter.

ESTABLISH A REGULATORY 'BUDGET'

Congress loves to bask in the glow of legislation that sounds high-minded, such as the Clean Air Act, the Americans with Disabilities Act, and various consumer- and worker-protection measures. But Congress also loves blaming federal regulatory agencies when the bills imposed on the private sector by these kinds of laws begin to skyrocket.

Though not officially tallied, the total costs of complying with various federal regulations are estimated by the General Accounting Office to come to approximately $647 billion per year. That's about $100 billion more than what the country pays in personal income taxes. It's more than Canada's entire GNP. Though you may not realize it, you pay that sum every year—hidden in the prices of the goods and services you buy.

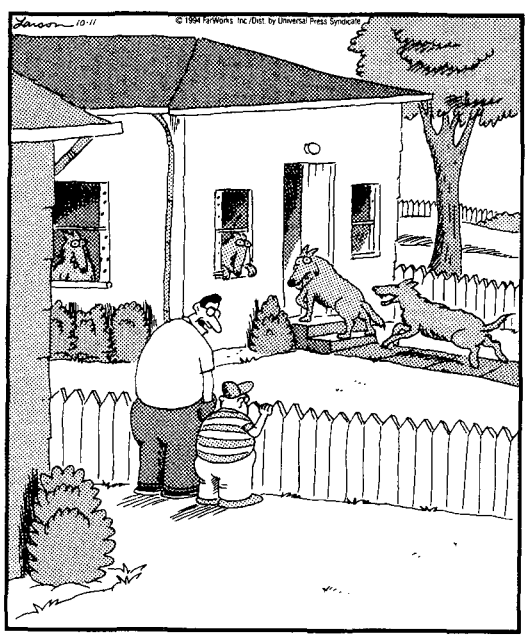
The problem is, no current method exists to add or subtract from that regulatory burden, nor is there even a regular mechanism for totaling up and publishing various regulatory costs. One sensible step would be to require Congress to approve in advance all new agency rules that carry a substantial price tag. This would shift power from unaccountable bureaucrats and instead place responsibility in the lap of Congress. By ending "regulation without representation," such a measure would make possible intelligent trade-offs among competing national interests like environmental improvement, economic development in poverty areas, and international competitiveness. It would also conform to our Constitution's neglected injunction that "All legislative powers herein granted shall be vested in a Congress of the United States."

The first comprehensive proposal to put the federal government on a regulatory budget was made back in 1980 by Christopher DeMuth (now president of the American Enterprise Institute). Recently, bills have begun to surface in the House of Representatives that would require Congress to establish an annual regulatory budget, and then provide explicit approval for major regulatory expansions. Congress could establish a process like the annual fiscal budget review, where hearings would be held and the anticipated costs of various agencies' planned regulations assessed.

Eventually, Congress could allocate to various agencies the right to impose regulatory costs on the U.S. economy. At "budget" time, unproductive or cost-inefficient regulations could be compared to rival measures to see which produced more saved lives, good health, clean earth, etc. Agencies would thus have to compete for the "right" to regulate.

Cost-savings are only one benefit a regulatory budget would bring. Its greatest value would be to shed sunlight on the huge influence government regulations have on our society, an influence now nearly invisible and unanalyzed. In the process, Congress would discover the effects of its regulations—and be answerable for trade-offs among various worthy social goals.

*—**Clyde Wayne Crews, Jr.**, author of the recent study* Promise and Peril: Implementing a Regulatory Budget, *is a fellow at the Competitive Enterprise Institute.*



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"I know you miss the Wainwrights, Bobby, but they were weak and stupid people — and that's why we have wolves and other large predators."

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WHY ALMOST ALL ECONOMISTS LIKE FREE TRADE

While his bid for the Republican presidential nomination sputtered shortly after the New Hampshire primary, Pat Buchanan triggered a lasting debate over U.S. trade policy. One of the debate's most surprising features was the united front of economists it produced against protectionism. Why are economists—well known for their policy disagreements ("if you laid all economists end to end, they still wouldn't reach a conclusion")—so consistently supportive of free trade?

The case for free trade goes back to the founder of modern economics, Adam Smith. International exchange of goods is beneficial to all countries, Smith explained, because it lets countries, like individuals, specialize in the activities at which they are best. Then each nation swaps its excellent exports for imports that it needs.

Because America has a relative abundance of capital and skilled labor, our export industries tend to be based on high-skill, high-wage jobs: Workers producing goods for export earn about 13 percent above the national average, economists estimate. If we close our markets to other countries' exports, those countries cannot earn the dollars they need to purchase our exports. If we reduce international trade, we will not get a chance to sell as much of what we produce better than other countries (aircraft, computers, wheat, etc.), and we will have to provide for ourselves more of what we produce less efficiently or excellently than other countries (textiles, plastic toys, etc.).

Although competition from other countries' exports can affect adversely workers in less-skilled, lower-wage occupations, most estimates suggest that technological change is far more important than international trade in changing wages for unskilled labor. Efforts to bolster the economic position of workers at the bottom of the wage scale are laudable, but trade protection is a recipe for making America as a whole poorer and less productive. Although tariffs would create or extend some mostly lower-wage jobs, they would simultaneously destroy some mostly high-wage jobs in export industries. Tariffs wouldn't create more jobs, just an inferior mix of jobs.

And protectionism would hurt consumers as well as workers. When critics pointed out that imposing government tariffs would effectively constitute a big tax increase for consumers, Pat Buchanan responded that consumer prices would not increase because foreign exporters would absorb tariffs without passing the added cost on to consumers. But if the price of imports really doesn't rise, then the sales of imports won't fall, and the tariffs will have failed in their stated purpose of protecting domestic industries! One can't have this argument both ways.

In truth, our experience with import restraints during the 1980s shows clearly that protectionism does result in higher prices for consumers. And this means more than just individual households paying more for clothing, automobiles, and the like. Many U.S. industries are also "consumers" of imported products: Over 60 percent of U.S. imports are industrial materials, capital goods, and components that go into domestic production. By raising the cost of making things in the United States, higher tariffs would reduce output and employment in many industries. How can Caterpillar compete against Komatsu in earthmoving equipment, for example, if it must pay a substantial premium that its rival does not pay on the steel it needs for production? How can U.S. computer manufacturers compete against foreign rivals if they must pay a hefty premium for memory chips? Raising tariffs may help some industries, but it will also hurt many others.

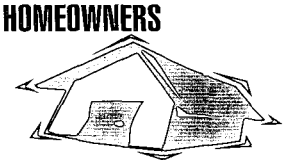
Economic change cannot be stopped at the U.S. border. It is sensible and decent to help workers displaced by foreign competition. But the solution is not to impose higher taxes on imported products. The real challenge is to improve the skills of workers so that they are better equipped to deal with change.

Texas Governor George Bush, Jr., recently stated that a quarter of the state's high school graduates could not pass the Texas basic literacy exam. As long as we neglect such problems at home, the false promise that protectionism can reduce our economic anxieties will lurk on the horizon.

*—**Douglas A. Irwin** is the Henry Wendt Scholar in political economy at the American Enterprise Institute, which just published his new book,* Three Simple Principles of Trade Policy.

As we go to press, Clinton quips are in the air. Maureen Dowd of the *New York Times* jokes that the First Couple's talk of having another child is just an attempt to "change the subject from same-sex marriage to same-marriage sex." Meanwhile, House Majority Leader Dick Armey comments on the Whitewater verdicts, "Say what you want about the President, we know his friends have convictions."

THE FLAT TAX WON'T HURT HOMEOWNERS



In our last issue (May/June), economist Dan Mitchell explained why a flat tax that does away with the homeowner's mortgage deduction as part of a broad reform to reduce income tax rates to 17 or 18 percent would not cost homeowners. Very recently, the Tax Foundation released their own study on the subject. Their findings:

"On average, the value of the nation's housing stock is unlikely to be affected significantly by the flat tax currently under debate.... Owners of homes currently priced at around $100,000 or below actually should expect a significant increase in the value of their home.... Owners of homes in the $200,000 range similarly have little to fear even with a pure flat tax.... Only owners of homes that cost in excess of about $300,000 may see a modest decline in the value of their homes [on the order of six or seven percent] following the enactment of a flat tax."

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MEMO TO: *STEVEN SPIELBERG*
FROM: *HERBERT STEIN*
SUBJECT: *A COURAGEOUS MOVIE*

I'm sure you were as moved as the rest of us by Christopher Reeve's speech at the Oscars urging Hollywood to make more movies attacking social evils like poverty, the death penalty, and the Holocaust.

I'd like to suggest an idea for a movie that would call attention to one of the great horrors of our times—the taxation of capital gains. Every day millions of Americans are crushed by this evil, and no one dares to say a word in opposition. It is time for Hollywood to say that brave word.

The movie would open with a scene in an old man's bedroom (Marlon Brando? Or is he too hot to touch now?) The old man is obviously dying. His son (Hugh Grant?) is in the room with him. The old man has $25,000 in cash in his mattress. The son is pleading with the old man to give him the money. Ever since he was 13 years old he has yearned for a particular boat. The boat's name is *Rosebud.* Now it's for sale, and the son wants the money so he can buy it. If he had the boat he would be a free man—sailing over the lake with not a care in the world. But the old man won't give him the money.

Next we see the son out in the backyard, picking toadstools. Of course, he makes his father mushroom soup and the father dies. (That scene is borrowed from an old French movie.) The son now has the $25,000.

A neighbor has seen him picking the toadstools and suspects what has happened. So the son is arrested and tried for murder. There is a big courtroom scene. The prosecuting attorney is an unattractive character (Alan Dershowitz?), and the son is defended by an upstanding lawyer (Charlton Heston? Marcia Clark?) The son's lawyer makes a moving speech, saying that the father deserved to die because he was not doing his patriotic duty, which was to invest his money in the growth of America, and not keep it idle in his mattress. So the son is acquitted.

But the son discovers that he can't buy *Rosebud* for $25,000. It costs $100,000. In despair he goes to a singles bar, where he meets a beautiful stockbroker (Susan Sarandon?). Then we have some hot scenes of the two of them in bed reading the *Wall Street Journal* and trying to figure out how to make the $25,000 into $100,000.

Finally they choose a stock (Disney?). It rises to $100,000, the son buys the boat, and he and the broker are happy, in bed and on the boat. But one day an IRS agent (Schwarzenegger?) knocks on the door and says that he owes the government $21,000, which is a tax of 28 percent on the $75,000 he made in the market.

Our hero doesn't have $21,000 and the IRS wants to seize his boat. But he jumps in the boat and goes scooting out into the lake. Then we have a big chase scene, with the IRS speedboats and helicopters pursuing our hero. They succeed in sinking the boat and grabbing him as he swims ashore.

Then we have another big trial scene. Our hero is accused of evading the income tax and destroying government property—the boat. There are the same two lawyers. The good lawyer argues that the tax on capital gains is unconstitutional because it is not a tax on income but only a tax on the exchange of one asset—the stock—for another asset—the boat.

This time, however, our hero loses the trial, because the jury has been stacked with liberals. He is dragged away in chains, shouting "This infamy must be stamped out!" (English for *Écrasez l'infâme!)*

* * *

So, what do you think? You'll get a lot of flak from the White House and the liberal media if you make this movie, but isn't it your duty, as Christopher Reeve said, to take that risk?

*—**Herbert Stein** is a senior fellow of the American Enterprise Institute and former chairman of the President's Council of Economic Advisors.*

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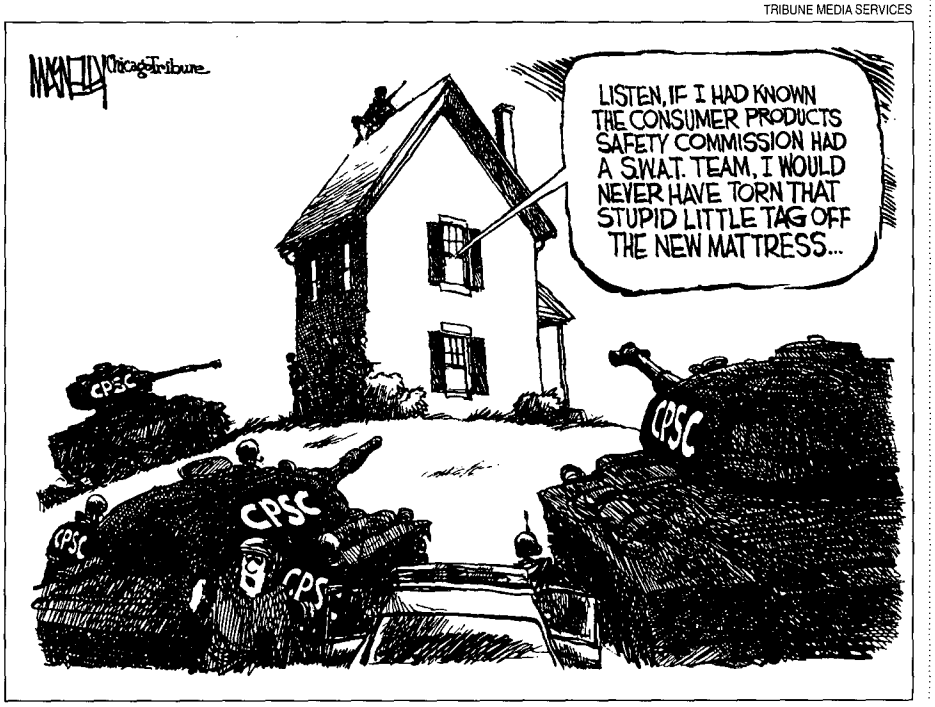

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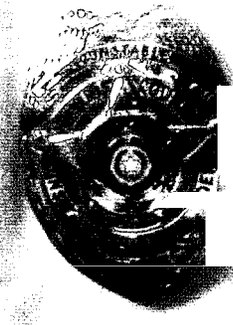
American Citizen

Born in Mexico.

Constable in inner-city Houston.

He cut school truancy in half. His "Zebra Squad" of 250 gun-carrying volunteers has nabbed over 2,000 parole violators. Victor Trevino's ideas for community policing are being adopted around the country.

Social entrepreneurs like Trevino are solving problems where Big Government has failed. Read their stories in the magazine of The Heritage Foundation.



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By Karl Zinsmeister

Indicators

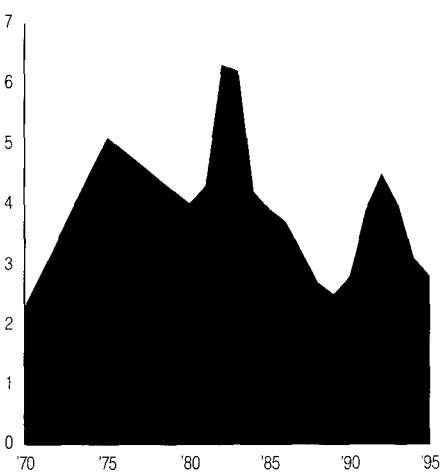
Special Edition on Economic Anxiety

JOB SECURITY

"Several types of statistics are available to indicate whether there have been shifting trends in job stability. These include data on job tenure, retention rates, job turnover, and part-year work. All suggest that **there has been little change in overall job stability.**" So summarized the U.S. Department of Labor in their 1995 *Report on the American Workforce.*

If most contemporary news stories give a different impression from the above, that is because few of them are founded on solid numbers. Here is the basic trendline on job layoffs and firings:

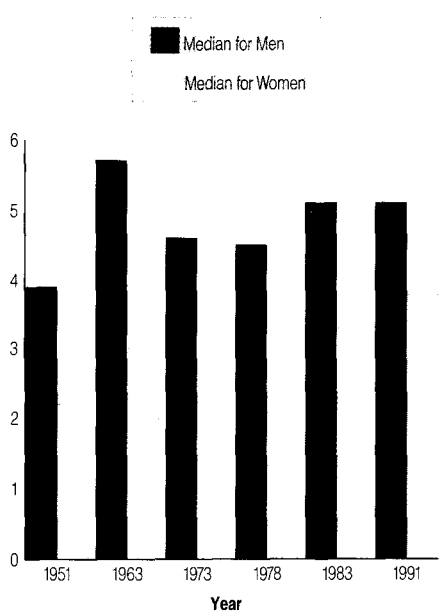
JOB LOSERS
(as a percentage of total employed persons)



Source: U. S. Bureau of Labor Statistics.

It appears that **no extraordinary amount of "downsizing" is going on at worksites today.** And, as labor economist Robert Topel of the University of Chicago puts it, "**There is absolutely no evidence that job durations have gotten shorter** than before." Here are the figures on present-day job tenure:

YEARS AT CURRENT JOB



Source: U. S. Bureau of Labor Statistics.

Economist Jerry Jasinowski reports that **more than half of the Americans who are laid off end up earning more in their next job.** Perhaps sensing that most downsizings are not as damaging as current conventional wisdom suggests, **the public doesn't want businesses to avoid shedding jobs if the price is inefficiency.** A March poll conducted by Luntz Research in the wake of the AT&T layoff announcement asked, "In your opinion, should Americans pay higher phone rates in the future if this would save jobs in the telephone industry?" "No," answered 68 percent, compared to 28 percent saying "yes."

WAGES

We hear constantly today that worker compensation has stagnated. Yet this is not true. Drawing on a variety of measures of pay, AEI economist Marvin Kosters conservatively estimates that **the average worker's compensation has increased** 15 percent since 1973, and 7 percent since 1980 (after inflation). The National Association of Manufacturers puts its estimates at twice that level, or even higher if adjustments are made for the overstatements of inflation that bedevil the government's official consumer price index.

True, those rates of growth are lower than what prevailed in the 1950s and '60s. But there is lots of evidence that **it is the economic period between 1950 and 1973 that's unusual in terms of growth rates—not our current age.** Not only in the U.S., but also in Canada, Japan, and the European industrial countries, the years between the end of World War II and the first OPEC shock stand out as a time when income grew at about twice the historical norm of earlier and later decades. Compared to the economic eras of 1820-1870, 1870-1913, and 1913-1950, the average growth levels since 1973 look quite normal.

One reason **increased worker compensation sometimes goes unappreciated today is because a growing share comes in the form of benefits rather than cash.** Here is the trend in growth of non-cash worker compensation like pension contributions and health insurance:

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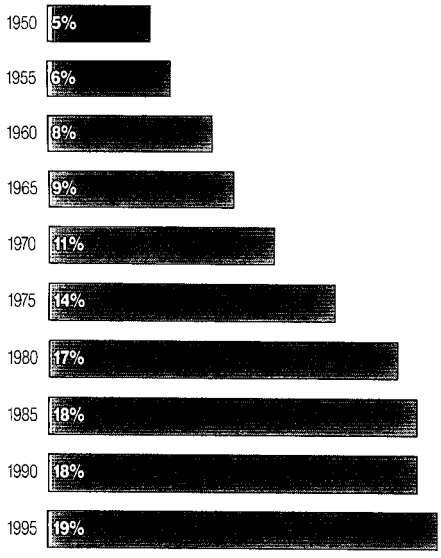
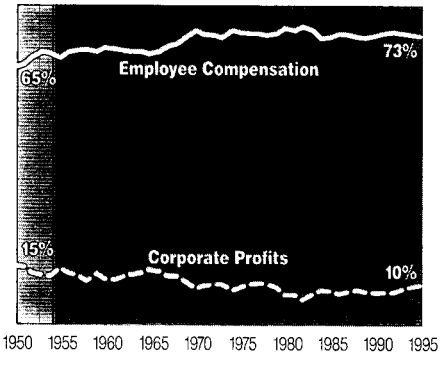
NON-CASH BENEFITS
as a percentage of total worker compensation



Source: U.S. Bureau of Economic Analysis

A very recent claim regarding worker pay is that more of the national output is being directed into corporate profits, and less into worker pay. This is a favorite soundbite of Labor Secretary Robert Reich, among others. It is unfounded. Here are the official figures totalling the sums that go into paychecks versus profit payouts:

SHARE OF NATIONAL INCOME GOING TO EMPLOYEE COMPENSATION vs. CORPORATE PROFITS



Source: U.S. Bureau of Economic Analysis

What are the prospects for worker pay in the near future? Fairly rosy. A spring 1996 report by the President's Council of Economic Advisors found that **two-thirds of the new jobs now being created are in occupations and industries that pay above-average wages.** An amazing 60 percent of all recent net new jobs are in the managerial/professional portion of the economy—our best-paying (as well as safest and least unpleasant) work sector.

TAXES AND FAMILY INCOME

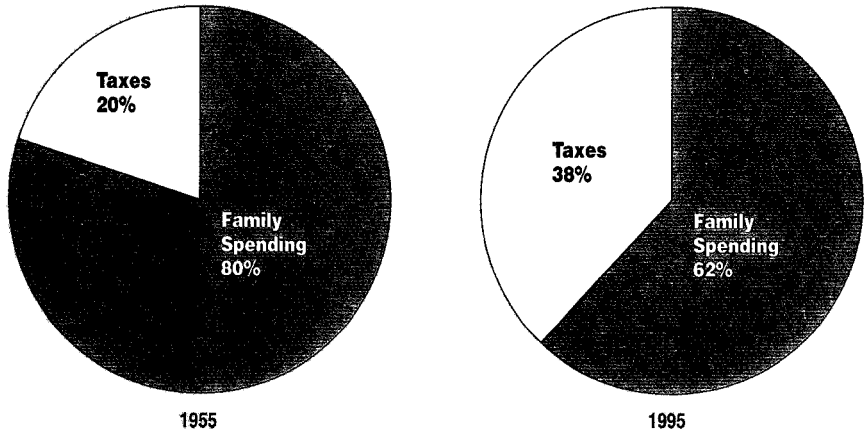
In 1995, total taxes—federal, state, and local—reached their highest level in U.S. history (as a proportion of Gross Domestic Product). Since 1992, taxes have risen 60 percent faster than national income. Virtually all of the growth has come at the federal level.

This increase is critical to any discussion of standards of living. After all, rising taxes can leave workers with flat or declining take-home pay even if compensation levels are rising. It is therefore important to factor in taxes when tracking earnings.

That picture is not pretty. The Tax Foundation reports that the median two-earner family paid about 20 percent of its income in taxes back in 1955, at the heart of the baby boom. In 1995, on the other hand, taxes took more than 38 percent of a similar median family's income. The typical family of four now spends more on taxes than on food, clothing, and housing combined. The harshest jump has been in payroll taxes paid to the Social Security and Medicare funds, but nearly all types of levies have been rising.

This mushroomed tax burden eats directly into the material well-being of American families, and is one big reason why some feel they don't have as much disposable income any more, even if their wages are rising. As economist Jerry Jasinowski writes, "Today's typical worker struggles to raise a family on the roughly 60 percent of earnings the government lets him keep after taxes. That contrasts with the 80 percent his parents had left after taxes. For the median two-income family, the difference amounts to more than $9,000. It would alleviate a lot of anxiety if workers were allowed to keep this difference."

PROPORTION OF TOTAL INCOME GOVERNMENT ALLOWS MEDIAN FAMILY TO KEEP AFTER TAXES



Amount of 1995 family income lost to increased tax bite: $9,471

A final point on the subject of taxes versus income concerns the amounts paid by different groups. The loose chatter about how "the rich don't pay their fair share of taxes" is wildly counter to fact. IRS data for 1993 show that the top one percent of Americans paid 29 percent of all income taxes. That is not only heavily disproportionate to their share of the population, it is heavily disproportionate to their share of all income (14 percent). Fully *half* of all U.S. income taxes were paid by just the top five percent of the population (in 1993, that included anyone earning more than $87,154). Meanwhile, the bottom 50 percent of income tax filers paid less than five percent of the total revenues.

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MOBILITY

Of all the criticisms of American economic life now circulating, perhaps the most misleading is the claim that widespread upward mobility in income is a thing of the past. Not only is there powerful evidence this is untrue—the evidence is about four layers deep.

Layer one comes from a large national sample of families whose economic fortunes have been tracked for nearly three decades now by the University of Michigan. An analysis of this data by economists W. Michael Cox and Richard Alm of the Federal Reserve Bank of Dallas reveals how Americans in various income groups have fared economically in comparison to the rest of the population as they have aged. The results, covering the period 1975-1991, are striking.

For instance, average income gains during the decade and a half were much stronger for individuals who began the period in low income brackets than for people who started nearer the top:

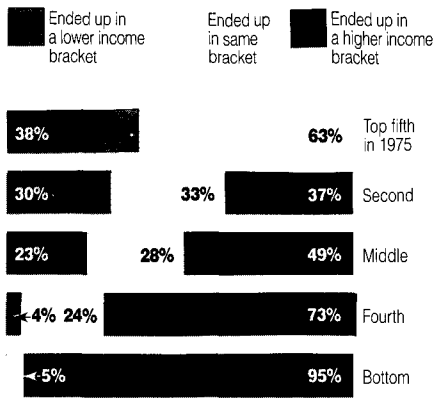
AVERAGE INCOME GAINS FOR EACH BRACKET
from 1975 to 1991

Individual's income bracket in 1975	Gain in average income by 1991
Top fifth	$3,974
Second	8,869
Middle	9,274
Fourth	22,082
Bottom	25,322

Source: Cox and Alm, Federal Reserve Bank of Dallas. Income figures are in constant 1993 dollars.

More than *half* of the individuals who were in either of the bottom two income brackets in 1975 ended up spending some time in the *top* fifth during the next fifteen years. Less than one percent of those who started in the poorest fifth stayed there during the whole period. Here is how the individuals in the study stood in 1991 based on where they began in 1975:

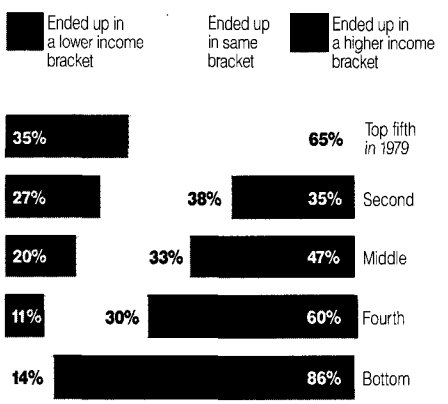
I. U.S. INCOME MOBILITY
from 1975 to 1991



Source: Panel Study of Income Dynamics data analyzed by Cox and Alm, 1996.

A second take on this same issue—this one done by the U.S. Department of the Treasury, using different years, and a completely different kind of data—draws very much the same conclusion:

II. U.S. INCOME MOBILITY
from 1979 to 1988



Source: "Household Income Mobility During the 1980s", U.S. Dept. of the Treasury, 1992.

Yet a third analysis on the question of American income mobility was conducted in 1992 by economists Isabel Sawhill and Mark Condon of the Urban Institute, a liberal research organization. They too followed a large sample of people over a decade in order to see whether specific individuals made economic progress. **The key to judging economic "fairness,"** Sawhill and Condon note, is not the spread between upper and lower groups. It **is whether there are opportunities to move across classes.** "As long as there is a lot of mobility, an unequal reward structure is not necessarily a problem," they explain.

Sawhill and Condon divided all the people in the study into income groups in 1977, then collected financial information for the same people in 1986, and determined how much their average incomes changed. The results document lots of upward movement over the decade among folks who start out in lower income groups:

III. U.S. INCOME MOBILITY
from 1977 to 1986

1977 family income		1986 family income	Percentage increase
$92,531	Top fifth in 1977	$97,140	5%
57,486	Second	63,314	10
43,297	Middle	51,796	20
31,340	Fourth	43,041	37
15,853	Bottom	27,998	77

Source: "Is U.S. Income Inequality Really Growing?", The Urban Institute, 1992. Income levels are expressed in constant 1991 dollars.

The most recent study in this mold, carried out by a team of Syracuse University economists, shows that one fifth of the people in the bottom income bracket have moved into a higher bracket just one year later. After five years, 36 percent have moved out.

A final, very different, way of thinking about U.S. mobility approaches the question not in terms of the same individuals over a period of years, but rather in terms of generations. **Do American offspring, on average, still regularly outstrip their parents in material living standards?** That is what economists Richard Easterlin, Christine Schaeffer, and Diane Macunovich investigated in a 1993 study. Their findings? Today's Americans in their 30s and 40s have "about two-thirds" more income than their parents did at the same age. This translates into higher standards of day-to-day living. It also translates into more wealth stored away for a rainy day—**Baby Boomers have an average net worth more than twice what their parents enjoyed** (in inflation-adjusted dollars) at a similar stage.

We have summarized these multiple, overlapping studies to make an important point: **The evidence that the U.S. continues to enjoy rapid and widespread income mobility is very broad and very strong.** Anyone who fails to understand this fundamentally misinterprets the real nature of American society.

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INCOME VS. CONSUMPTION

Income can actually be a somewhat misleading way of judging a particular household's standard of living. Income only shows what is coming into the home in visible cash. It does not include non-cash government benefits delivered in the form of services (health care, housing, food stamps, etc.). It does not included cash earned off the books. It doesn't take into account that people often have a period of very low income where they live adequately off savings, or funds from other family members, sometimes for months or years at a time.

When someone receives a large sales commission, or gets an advance to write a book, or collects a downpayment to build a customer a house, the hefty payment may make them look wealthy that year in the income statistics. But the next year, still drawing on that lump sum, they may have little or no official income. Does that mean they lived off lobster the first year and cat food in the second? No. Very likely they lived about the same way over the entire period—not spending as much as they made in year one, spending more than they made in year two.

For all these reasons, income can be deceptive. **For a much better way of judging who is hurting for material provisions, who is comfortable, and how big the gap between the top families and the bottom families really is, look at what households *consume*.** How much food do they actually buy? How does their spending on telephones, rent, doctors, clothes, and so forth compare to other Americans? This is the best single measure of well-being.

Fortunately, we have good statistics in this area. In fact, the **household consumption data** collected by the U.S. Department of Labor **are much more reliable and detailed than the government's income data.** Statisticians give selected households detailed diaries in which every expenditure, large and small, is recorded and categorized every day for a few weeks. By collecting thousands of these diaries throughout the year, the economist can tell us exactly what different Americans spend their money on, and in what amounts.

For our purposes here, the most striking revelation in this expenditure data is that **material inequality in America is much less pronounced than income figures would have you believe.** While the top 20 percent of households earns 13 times as much income (before taxes) as the bottom 20 percent, they only *consume* four times as much. And even that is an exaggeration, because the sizes of the households at the top and bottom are not the same. Top-fifth households average 3.1 persons each, compared to only 1.8 persons in the bottom-fifth. If you calculate consumption on a per capita basis, you find that **the difference between America's top and bottom earners in actual consumption per person is only 2:1.** That's the difference between steak and hamburger, not lobster and catfood.

What do the top earners do with their money if they don't spend it on themselves? Obviously they save some of it. Most of this country's savings and investment capital come from our top earners. They also make most of the cash donations that keep everything from the Cancer Society to the local churches operating. They spend a lot more than other income brackets on educating their children and themselves. And they pay huge amounts of taxes (the highest fifth in income pay 29 times as much in tax as the bottom fifth).

Expenditure diaries show that bottom-fifth households, like other Americans, now have a considerable amount of disposable income, and lots of discretion over what they spend their money on. **Back in 1920, bottom-fifth households had to devote 75 percent of their funds to food, clothing, and shelter.** By 1950, that was down to 57 percent, and **today it is only 45 percent**—even though the houses are bigger, the clothes are better, and the food is tastier. Where is the discretionary spending above and beyond basics going? Into things like washing machines, VCRs and TVs, telephone calls, air conditioning, and cars—items which are now fairly uniformly available across classes.

This rough egalitarianism shows up in many areas of American society, and would appear even more pronounced if we could measure things like leisure and other non-pecuniary "income." For, the top brackets toil a lot more in exchange for their twice-as-big share of consumption. Next time someone begins to lecture you about America's caste system, remember these numbers.

ECONOMIC SATISFACTION IN JAPAN VS. THE U.S.

A new book by AEI scholars Everett Ladd and Karlyn Bowman provides intriguing comparisons of economic attitudes prevailing in the U.S. and Japan.

First, observe some sharply different philosophical dispositions:

Which is more important?	Freedom	Equality
Americans	68%	23%
Japanese	35	31

	Competition is good; it stimulates work and new ideas	Neutral view	It's harmful; it brings out worst in people
Americans	76%	14%	10%
Japanese	40	32	11

	Incomes should be more equal	Neutral view	Need pay incentives for individual effort
Americans	21%	22%	58%
Japanese	19	36	29

Imagine two secretaries, of the same age, doing practically the same job. One earns $50 a week more, but is quicker, more efficient, and more reliable. Is this fair?	Fair	Unfair
Americans	82%	15%
Japanese	48	33

Given that **Americans are less likely to shelter workers from competition,** it's interesting to note that **they are also much more satisfied with their economic system.** Fully 88 percent of employed persons in the U.S. call their work "interesting," compared to 58 percent of those in Japan. In Japan, 37 percent describe their jobs as "not interesting," as against 12 percent in the U.S.

Here are some other measures of citizen satisfaction in Japan's rather protected economy and America's more wide-open alternative, as of March 1995:

	Very Satisfied	Fairly Satisfied	Just Somewhat Satisfied	Not Satisfied
Your job security				
Americans	33%	19%	14%	14%
Japanese	6	9	42	29
Your income				
Americans	15	27	23	33
Japanese	4	9	55	27
Your ability to retire financially secure				
Americans	17	21	23	35
Japanese	4	6	36	39
The cost and coverage of your health care				
Americans	29	21	18	29
Japanese	6	9	45	33

Source: *Public Opinion in America and Japan*, AEI Press.

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"Live" with TAE

SENATOR BILL BRADLEY SOUNDS OFF ON PRO SPORTS, TAXES, AND RACE.

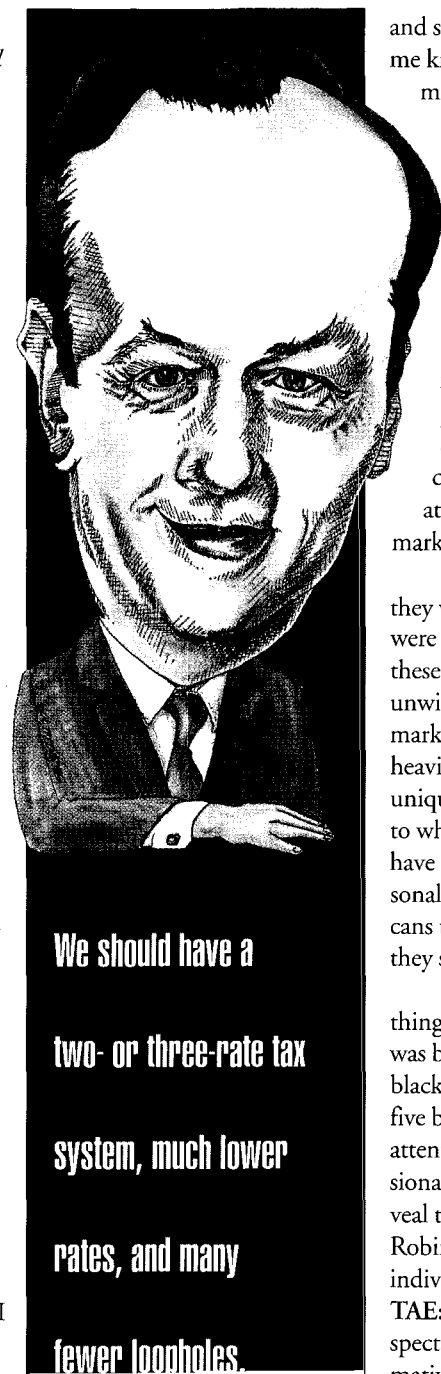
Bill Bradley

Bill Bradley is a banker's son from Crystal City, Missouri, who left home for Princeton, then Oxford, and eventually the New York Knicks. In 1978 he parlayed his fame as a brainy basketball player—few athletes had a more adoring press—into a seat in the U.S. Senate representing New Jersey. Tax reform and race have been his biggest interests.

Bradley surprised many by declining to run for a fourth Senate term in 1996. His name was bandied about as a possible presidential candidate of a centrist third party, but he declined to run.

"I have always preferred moving to sitting still," Bradley writes in his new book, Time Present, Time Past. *As a Knickerbocker, Bradley was known for his constant motion even when he didn't have the ball; just where Bradley the citizen will move remains to be seen.*

Senator Bradley was interviewed in his Capitol Hill office by TAE editors Bill Kauffman and Scott Walter.



TAE: Did playing professional basketball affect your view of racial matters?

SEN. BRADLEY: It deepened my understanding. I was a white man in a predominantly black world, and it gave me insights that I wouldn't have otherwise had. Probably the most painful example would be the story of Earl Monroe, "Earl the Pearl," who dazzled people in Madison Square Garden. One night after a game he was trying to hail a cab in the rain on Eighth Avenue, literally 500 feet from center court. Some white men on the curb started calling him "boy," and he responded, a little angry. One thing led to another, and they pummeled him.

The more subtle examples were the more enlightening. For example, how do I become accepted as a member of the team? In my first year, Willis Reed was the captain. He called all the other players by their first name—Walt, Cazzie, Nate—except me; he called me Bradley. One day I said, "Hey, Willis, you call everybody else on the team by their first name. Why don't you call me Bill?" He paused a minute, smiled, looked at me and said, "Okay, Bradley." It was a way of letting me know he was boss, but I was now accepted as a member of the team. It was like, "Okay, well, I will, but I won't; I will when I want to."

TAE: We hear a lot today about greedy, immoral pro athletes, as opposed to the selfless lunch-bucket players of yesteryear. Is there any truth to this? And is there a racial aspect, given that the players who are demonized are often black?

SEN. BRADLEY: I don't think race necessarily is the issue; the issue is money. When I joined the league, the average salary was $9,500. Now it's $1.4 million. With the increased salaries came the use of professional athletes, particularly basketball players, as major marketing tools by corporations.

I refused to do commercials, partly because they were coming to me as a "white hope." There were plenty of better players, but I was getting these offers. Why? Because corporate America was unwilling to take a chance with a black person marketing a product to a general audience. I was a heavily media-covered athlete because of my unique circumstance. But it doesn't even compare to what happens to most players today. Now you have not just the game, but the pre-game, the personality profiles, all of which have allowed Americans to see some of these black athletes as what they should see them as—individuals.

When I played, people were saying such things as, "The reason St. Louis moved to Atlanta was because people wouldn't go out to see five black starters." Because that was what they saw: five black starters. But what the increased media attention has done is not only reveal the occasional self-indulgence or excessiveness, but also reveal that there is a great difference between David Robinson and Dennis Rodman, and that these are individuals with separate identities.

TAE: Sports is an area where blacks have done spectacularly well in America—without any affirmative action. Why do you think blacks in other occupations need affirmative action?

Illustration by Lucinda S. Levine

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SEN. BRADLEY: Sports is very much related to economic status. A lot of African-American kids begin playing basketball at an early age, seize on it as a way out of a bad circumstance, and decide to take that risk: one in 10,000 who begin end in the pros. Too many of them decide that's what they're going to do. They lose other opportunities that would give them a fuller life.

It is not that there weren't great basketball players who were black in the 1940s; it was that the country barred them from participation. Now there is no discrimination, and your own ability determines your success. What affirmative action does is look at other areas in American life, where African Americans are still barred, and say, "Let's make it an equal playing field."

There is no adequate way to remedy discrimination in America today. What is your option if you feel you're discriminated against? Well, you can take your case to the Equal Employment Opportunity Commission, where it will languish forever, because 97,000 cases are backlogged. After five years with no remedy you can always go into the courts, if you can afford a lawyer, and file a civil-rights action, which takes another five years.

So you go through thousands of dollars in legal fees to determine whether you should have gotten that promotion to a new job 10 years before. Those who oppose affirmative action must be supportive of a stronger administrative process to remedy individual discrimination.

TAE: Race is a theme to which you've returned again and again. You say it's time for frank talk. But any time a political figure voices provocative views, whether it's Jesse Jackson or Pat Buchanan, he's stigmatized by the mainstream press and politicians as an "extremist," a term that is intended to shut off debate. Isn't the lack of invigorating debate in this country partly the fault of an establishment that attacks dissenters with a ferocity that discourages others from deviating from the middle path?

SEN. BRADLEY: The question really is, How do you have a discussion without shouting at each other from different corners of the room? Or without the center pointing the finger and saying, "They're in the room, they're not—don't pay attention to them." Too often the debate becomes caricatures of positions. If you're black, you don't take a position because you don't want to weather the storm of criticism from other African Americans. If you're white, you don't take a position because you can't stand the heat when people point the finger at you. We have the illusion that shouting slogans is the goal of the civil-rights movement. Actually, the goal is a spiritually transformed America.

We have the illusion that shouting slogans is the goal of the civil rights movement. Actually, the goal is a spiritually transformed America.

TAE: Conservatives complain about what they see as liberal media bias concerning you. You have largely the same voting record as Ted Kennedy, yet the mainstream press refers to you as "moderate Senator Bill Bradley." Why?

SEN. BRADLEY: They probably are aware of things I've done that cut against the grain, thereby illustrating the inadequacy of ratings. Like the Tax Reform Act of 1986, the most significant tax bill since World War II, which dramatically cut rates and eliminated loopholes. My Nicaraguan Contra aid vote in the mid-'80s. My voting for the budget cuts in 1981 and against the tax cut, which would have led to surpluses not deficits in the 1980s. My support for vouchers in urban America, where kids are not getting any kind of education. Or my leading the fight on NAFTA, as one of the Senate's strongest proponents of an open trading system.

TAE: What do you make of the drubbing that the flat tax has taken recently?

SEN. BRADLEY: I think it is predictable and appropriate. We should have a two- to three-rate system, much lower rates, and many fewer loopholes. For most people, the effective tax rate in America—what they actually pay—is 15, 16 percent. So if you set a flat tax at 17 or 20 percent, it's a tax increase. Now, you eliminate a lot of that with a high exemption level, where people making up to a certain level don't pay income taxes. But the flat tax isn't workable because it's not sufficiently progressive. And to eliminate the charitable deduction, as the flat tax would, is in conflict with the need for a more robust civil society. The way to go is certainly not to have a 39 percent rate, but to have a 28 to 30 percent top rate, and many fewer loopholes. If you did that, you'd have a tax system where equal incomes pay about equal tax, and one where the market allocated resources more than members of the Senate Finance Committee. That would be better than having politicians decide who gets what tax subsidy, where rates are high in order to pay for politicians' desires to give breaks away to different segments of the economy—often segments that support their re-elections.

Steve Forbes is a friend. He was helpful in 1986, when we passed tax reform, and I respect him. I certainly respect the principle of his fight. But I don't think a single-rate system is going to happen.

TAE: For the lower middle class, the biggest tax burden is Social Security payroll taxes. Why haven't Democrats done more on that issue?

SEN. BRADLEY: Because since about 1982 Social Security has been politically off-limits—you

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can't touch it or you'll die. Early on, before I did tax reform, I proposed a tax credit for Social Security taxes paid. This was another way of instituting a middle-class tax cut. Social Security is the most regressive of our taxes, and some thought should be given to whether the rates should be reduced.

TAE: Is that the sort of debate that can only be begun if we have a strong third party?

SEN. BRADLEY: Substantively, yes. Practically, no. It's a facile phrase, "third party." You face enormous organizational, financial, and legal obstacles. Often in American history, an idea emerges, and when it is given sufficient attention, one of the two major parties absorbs it. That's why you don't have third parties.

TAE: We saw the rudiments of one in '92, didn't we, with the Middle American coalition that Perot put together?

SEN. BRADLEY: No, I don't think you did. You saw a group of people who were frustrated with the process and willing to take a risk. But in presidential politics, there's only one number that's important: 270—the electoral votes needed to win. And Ross Perot, in 1992, got fewer electoral votes than Strom Thurmond did in 1948, when he ran for President as a Dixiecrat.

If you mean is there a large segment of America to which politicians are not speaking adequately today, I'd say yes. People cannot locate themselves in the economic story today. People are losing their jobs for reasons that are inexplicable to them, that are not simply economic, but go to values of loyalty, commitment, trust. And they therefore lash out at politicians, who are supposed to help create a stable structure where they can work hard, earn a living, and take care of their kids. That happened in 1992. Bush was thrown out; Clinton came in. It happened in 1994. Clinton was rejected; Gingrich came in. It will happen again in '96, when the Republicans will be rejected and the Democrats will come back.

One of the reasons I'm leaving the Senate is to think through where this is headed. Millions of Americans can't locate themselves in this economic transition. At the same time, millions of Americans are yearning for something deeper than the material in their lives. I think there's a potential convergence there.

TAE: Will you remain in D.C. or return to New Jersey?

SEN. BRADLEY: Well, my wife's a professor at Montclair State University in New Jersey; so we'll be in Montclair, where we live now. I'll probably keep some base in Washington, too.

TAE: Will you accept positions on corporate boards of directors?

SEN. BRADLEY: I want to stay in the world of ideas. I want to learn more about the information revolution, and about Asia. The areas of action for me are racial healing and political reform—in particular campaign-finance reform. Your question, which is my wife's, is, "Well, what's your job?" That has not been determined.

TAE: You were a champion fund-raiser in the late '80s. What do you think of the reform proposal that would require congressional candidates to raise almost all of their money in their own districts?

SEN. BRADLEY: Money in politics is like ants in your kitchen: You have to keep them all out, or you'll have them all in. So financing reform alone is not the answer. I would do four things. One: the public airwaves belong to the public. And so six weeks before the election, candidates for the Senate ought to have access to the airwaves for a certain period of time, free of cost.

Then I would pass a constitutional amendment—that's the only way you can do it, given the Supreme Court's wrong-headed decision that a rich man's wallet is the equivalent of a poor man's soapbox—saying that Congress and the states may limit what an individual spends on his or her own campaign.

I would limit the amount of money that can be contributed in primaries. A few hundred dollars, and only to candidates in your own state. And I would allow people to contribute up to $5,000 per year to a Senate election fund that on Labor Day, or the day after the primary, whichever is later, would be divided equally among Republican, Democrat, and/or qualified independent. And that's all the money there would be in politics.

TAE: One problem with free time for candidates is that almost everything that candidates for high office would say in such spots would be written by some professional packager. What do you think of the ubiquitous practice of ghostwriters formulating the speeches and books that candidates take credit for?

SEN. BRADLEY: The media appetite for information is one thing that drives this. It took me three years to write my book. When I'm not back in New Jersey, I'm in my study. My wife began to call it "that room." You can't produce something quickly. A speech takes me a week to do—I write my stuff, by and large—and that argues for a more civil, slower process, where you could actually think. At the moment, the media hunger requires you to be out there, because they want a face saying what they want you to say.

TAE: In your 18 years in this chamber, what senator have you admired most?

SEN. BRADLEY: My two mentors were Russell Long and Scoop Jackson.

TAE: Are there any Republican senators who would make outstanding presidents?

SEN. BRADLEY: There are a lot of Republican senators who've been outstanding senators: Jack Danforth, Dick Lugar, Nancy Kassebaum, Bill Cohen, Pete Domenici, Bob Dole. You've got some younger people, they've got to learn that the Senate doesn't reward extremists, and sooner or later they'll have to sit in a room with Democrats and craft something that's going to get enough votes to make it a law. You have people whom the Senate will break, and when the Senate breaks them they'll become good senators, able to produce 80-20 wins as opposed to 51-49 wins that are reversed in conference or never get out of the Senate.

TAE: What cultural figure has best described New Jersey?

SEN. BRADLEY: Bruce [Springsteen] is the troubadour of New Jersey.

TAE: When he moved to Los Angeles, wasn't it a betrayal?

SEN. BRADLEY: Well, he kept his home in Rumson. It doesn't change his earlier work about New Jersey.

TAE: Who's the second-best basketball player in the Senate?

SEN. BRADLEY: There's no close second.

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IS AMERICA'S ECONOMY REALLY FAILING?

THE BACKLASH AGAINST THE *NEW YORK TIMES* SCARE

This spring, the *New York Times* published a major collection of articles decrying "The Downsizing of America." Weighing in at more than 40,000 words, the seven-part series took two dozen writers and researchers seven months to produce. It was the longest piece of journalism printed by the *Times* since the Pentagon Papers in 1971, and was recently published by the company as a 356-page paperback.

And what was the message of this opus, and the follow-up articles that have appeared in the *Times* since? That American families and communities are being ripped by economic traumas. According to the *Times*, job security is a thing of the past, wages and income are falling, middle-class Americans are suffering, and employers don't care.

Upon release, the series triggered the introduction of new bills in Congress, corporate contortions, the organization of White House task forces, and a blizzard of copycat stories on television, newspapers, and magazines.

But it also inspired, almost as quickly, a backlash of biting criticism and rebuttal. Leading economists and major economic writers attacked its maudlin, potboiling tone, its selective exaggerations, and its many factual distortions.

Whether the public sentiments sparked by the series and its televised echoes will turn out to be consequential remains to be seen. As an intellectual matter, however, the project has turned into an embarassment to the nation's self-styled "paper of record"—as the following collection of commentary by some of the nation's best economic writers indicates.

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From "News Cut to Fashion," by Robert J. Samuelson, *Washington Post*, March 13, 1996.

The job of journalism is to report, explain and clarify. We in the "serious" press—papers like the *New York Times* and *Washington Post*—imagine ourselves as upholding the standards of a craft besieged by talk radio and trash TV. The reality is that the "serious" press is often equally guilty of wild distortions, because editors and reporters are prisoners of prevailing intellectual or political fashion. A good example was last week's seven-part series on "The Downsizing of America" in the *Times*.

It has all the hallmarks of a project aimed for a Pulitzer. The *Times* anointed "downsizing" as a radical departure for the U.S. economy—a major social problem about which the government, perhaps, should do something. In truth, "downsizing" is simply a new label for an old feature of a competitive economy: job loss. This is not dramatically greater than in the past, though it has affected some workers (generally older and with higher incomes) and companies (the IBMs and AT&Ts) that once seemed immune.

...The *Times* resorts to a pat formula: It introduces the new (and grave) social trend with a compelling anecdote and a weighty statistic. The first personalizes the trend, the second proves that it is widespread. Thus the series opens with Steven Holyhausen, 51, who has been downsized from a $52,000-a-year job as a banker to a $12,000 job as a tourist information officer. Then we're told that the "grimness" of his story is "no longer at all extraordinary" because "more than 43 million jobs have been erased in the United States since 1979." Gulp.

Actually, this carefully crafted impression is highly misleading. Averaged over 16 years, the 43 million lost jobs is 2.7 million jobs a year...a tiny fraction of total jobs. The worst year was 1983, when 3 million workers lost their jobs out of employment of 101 million—about 3 percent. In 1995, the number of displaced workers was 3.3 million out of 125 million—2.6 percent.

...Not only do most well-paid, middle-aged workers not lose their jobs, but those who do typically don't suffer a 75 percent pay drop. Among rehired workers, the Labor Department reports as follows: 27 percent got wages at least 20 percent higher than at their previous jobs; 26 percent got wages up to 20 percent higher; 16 percent suffered a pay loss no greater than 20 percent; and 31 percent suffered pay losses more than 20 percent.

It's hard to see how a competitive economy could operate without job insecurity. New technologies and products create some jobs, eliminate others. The spread of ATMs threatens bank tellers. Low-cost airlines menace high-cost airlines. Clearly corporate managers are quicker to fire now than in the past; some "downsizing" has been callous and ineffective. There is personal trauma and sometimes tragedy. Still, in some ways, the labor market is operating better now than 10 or 15 years ago. Between 1990 and 1995, unemployment averaged 6.4 percent, down from the 8.1 percent between 1980 and 1985. Most displaced workers are rehired and get new jobs faster....

Good reporting is fact-finding without prejudice. You go where the evidence leads. But the *Times*' "reporting" was of an inferior type. It involved the selective collection of information to buttress what editors and reporters had already concluded....

Papers such as the *Times* and *Post* play a pivotal role in society. By their prestige, they help set the ideas and facts that other opinion-makers and journalists accept. But the parroting of political or intellectual fads does not discharge this responsibility. Echoing the conventional wisdom is at best mediocre journalism. At its worst—as in these series—it gives undeserved respectability to flawed ideas. It is not that the problems, anxieties and frustrations... are fictitious. But they were so exaggerated, and presented so selectively, that they painted a false picture....

"All the News That's Fit to Print"

The New York Times

VOL. CXLV .... No. 50,355 Copyright © 1996 The New York Times NEW YORK, SUNDAY, MARCH 3, 1996

On the Battlefields of Business, Millions of Casualties

By LOUIS UCHITELLE and N. R. KLEINFIELD

Drive along the asphalt river of Interstate 95 across the Rhode Island border and into the pristine confines of Connecticut. Stop at that first tourist information center with its sheaves of brochures promising lazy delights. What could anyone possibly guess of Steven A. Holthausen, the portly man behind the counter who dispenses the answers?

near whisper.

More than 43 million jobs have been erased in the United States since 1979, according to a New York Times analysis of Labor Department numbers. Many of the losses come from the normal churning as stores fail and factories move. And far more jobs have been created than lost over that period. But increasingly the jobs that are disappearing are those of higher-paid, white-collar workers, many at large corporations, women as well as men, at the peak of their careers.

AT&T's call: 40,000 out

Delta will cut up to 15,000 jobs

Boeing cut: 15,000 local jobs

Sears Kills Catalog

DEC may cut 20,000

Lockheed Martin to Cut 15,000 Jobs

SUMMER 1995 $609.6 billion

What spawned these series is a contemporary consciousness, shared by many journalists, that assumes that people are entitled to life without worries, setbacks or conflicts—and that anything less is a "crisis" and a "big story." Every personal angst or societal defect merits public sympathy and maybe a governmental solution. This utopian vision defies common sense and sound judgment: qualities the "serious" press ought to possess....

From "Don't Believe All the Bad News," by Jonathan Marshall, *San Francisco Chronicle*, March 11, 1996.

On one issue, Pat Buchanan, Jesse Jackson, and the *New York Times* actually agree: The U.S. economy is going to hell.

In a seven-part series last week, the *Times* claimed that mass job losses and falling wages have created "the most acute job insecurity since the Depression." This insecurity, it said, "has produced an unrelenting angst that is shattering people's notions of work and self and the very promise of tomorrow."

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...For all the rhetoric, however, the evidence tells a much less sensational story.... Big companies such as AT&T are still cutting jobs, and the pain of their former employees is very real. But medium and smaller firms are creating many more jobs to replace them. The communications industry, for example, had 20,000 more jobs in February than a year earlier.... The number of announced job cuts last year, 440,000, was the lowest since 1990 and a third below the peak in 1993, according to Challenger, Gray, & Christmas, the outplacement firm.

Recent government data do show important shifts among job losers. Compared to the early 1980s, those who lost jobs in the early 1990s recession were more likely to live on the two coasts, to have some college education, to be older, and to come from managerial or professional occupations. "It really seems to be a dffferent group that's at risk," said Katharine Abraham, commissioner of the Bureau of Labor Statistics.

But whether it's worse for white-collar workers on the two coasts to lose their jobs than steel and auto workers in the Midwest depends on who you are and who you know. And as Henry Farber, a Princeton University economist, notes, "People higher up the food chain have more assets to fall back on so their actual suffering might be lower." ...Farber has also found that the percentage of workers who have held their job 10 years or more hardly budged between 1973 and 1993, indicating no serious loss of long-term jobs.

The data also clearly show, however, that the idea of a golden age when everyone had a lifetime job is more nostalgic myth than historical reality. Even in the best of times, the job market has always churned, creating victims in its wake. "The sense in the *New York Times* that there's been a tremendous increase in job instability isn't accurate," [economist Steven] Davis says. "The idea that the world we are living in now is radically different from the world 25 years ago is mistaken."

Recent trends in worker pay aren't so terrible, either. Adjusted for changes in the cost of living, median wages grew 5 percent for men and 3 percent for women over the past three years.... These estimates account for the view of many economists that the Consumer Price Index, usually used to adjust wages for inflation, overstates the cost of living.

But if all this evidence is right, why are so many Americans feeling gloomy? Maybe they aren't. The *Times*' own poll results show that only nine percent of people it surveyed feel economically "very insecure." Consumer confidence surveys by the Conference Board, a New York business research organization, show reasonably strong readings. "Consumer confidence numbers are above long-run averages," said Michael Niemira, chief economist at Mitsubishi Bank in New York. "I don't buy into the idea there's more uncertainty out there. These stories have flourished without the support of data."

Ken Goldstein, an economist at the Conference Board, said consumers are less confident about the future than about their current situation—partly because of all the stories they read about layoffs. But he said the mood around the country is far from grim. "If you look at the *New York Times*, you'd wonder why every American isn't laying down on someone's couch," he said.

So what explains the continued media preoccupation with economic despair? One reason might be that many of the job losses are at big companies which everyone has heard of, while the job gains are at smaller firms that command less attention. Another reason might be that more of the victims of job loss these days are white-collar professionals on the two coasts—the sort of people journalists in major media centers know and relate to. A third might be that some journalists are looking for quick and easy explanations for the Buchanan phenomenon....

But all this is only speculation—and there's been far too much speculation in the media about the economy and public attitudes already.

From "The Nervous Americans," by Irwin Stelzer, *New York Post*, April 25, 1996.

The *New York Times* runs a seven-part series featuring interviews with insecure workers from Manhattan to Dayton. Corporate "downsizing" becomes a media byword. You would think that moaning and nail-biting are now national pastimes.

Not so. Recent polling data just don't support the notion that America is on the verge of a nervous breakdown....

And with unemployment at about 5.5 percent (3.3 percent for men with a spouse present), we are more in danger of running into shortages of workers than into shortages of jobs. And the new jobs are good ones: a new study by the President's Council of Economic Advisers shows that the majority of the 8 to 9 million new jobs that have been created in the past few years pay wages 14 to 17 percent above the national average.

Furthermore, these jobs are not temporary, fly-by-night affairs. Data published by the Department of Labor show that...the average time a worker spends in the same job hasn't changed much in over 20 years.

From "All Worked Up," by John Cassidy, *The New Yorker*, April 22, 1996.

While the media have made much of the supposed decline in lifetime-employment relationships, a number of academic studies suggest that the fraction of workers who have been in the same job for a decade or more has remained fairly constant.... "The idea that our economy is not producing long-term jobs anymore strikes me as totally unsupported by the evidence," [Princeton economist Henry Farber] told me....

It would be hard to guess from reading recent press accounts that the probability of finding a new job after being laid off has increased over the last decade, but that is exactly what the evidence suggests.... The median displaced worker remains unemployed for about eight weeks before he finds a new job. This has remained pretty constant since the late 1980s, but the chances of a displaced worker staying out of work for more than six months have fallen sharply.... In 1982-83 about 30 percent of recently laid-off males were still without employment six months later, in 1994-95 the proportion dropped to 18 percent....

The central fact that has been underplayed in news reports—the *Times* articles did mention it several times in passing—is that companies are doing a lot of hiring as well as firing.... Overall, more than 60 million new jobs have been created since 1979, a truly astounding number.... What is more, a remarkable 60 percent of all net employment growth in the past three years has come in managerial and professional positions, a sector of the economy which makes up only

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28 percent of the labor force and is widely said to have been the most damaged by corporate downsizing.

From "Jobs: The (Woe Is) Me Generation," by James K. Glassman, *Washington Post*, March 19, 1996.

Why, suddenly, is there such an uproar over job security? Unemployment has dropped from 7.7 percent to 5.5 percent since 1992, workers keeps their jobs as long as they ever did, and many companies (including AT&T) are surprisingly generous with the employees they lay off.

Yes, some workers are cruelly treated...and some companies are greedy and stupid. That's hardly news, yet politicians and journalists are in a lather. Why? I've been puzzling over this mystery for weeks, and I may have the answer: The baby-boom generation is turning 50. That's the age at which an individual's earnings generally start heading down. The *New York Times, Newsweek,* Bill Clinton and Pat Buchanan, Dick Gephardt and all the rest are worried about shaky jobs because aging Baby Boomers are worried....

We Baby Boomers have acted as though we were the first people ever to suffer pangs of moral conscience, to fall in love, to buy houses, to have children, to work long hours. Now Boomers are worried about being replaced by folks who are younger, quicker and smarter.... The problem is compounded because self-centered Baby Boomers occupy lofty positions in the press and government. The Me Generation has become the Woe Is Me Generation, eager to tell its solipsistic story. Never mind the facts or the context.

...While many Baby Boomers do indeed face losing their jobs, so did their parents. In the aggregate, middle-aged workers today are staying at their jobs as long as those of generations past—by some accounts, longer. A recent study found that in 1991 (the most recent statistics), men aged 45 to 54 had been in their current jobs an average of 12.2 years. That's up from 11.0 years in 1978 and 8.8 years in 1966. Tenure for women in this age group has increased as well. It was 7.3 years in 1991, compared with 5.9 years in 1978 and 5.7 years in 1966....

[During] the late 1950s to the early 1960s, the layoff rate in manufacturing was never lower than 2 percent a month, reports the Bureau of Labor Statistics. Maybe we didn't know it, but our dads had a rough time keeping their jobs when they were our age.

Which brings us to AT&T, the new symbol of corporate ruthlessness after it announced January 2 that it would lay off 40,000 workers. Actually, AT&T seems to be treating its departing employees well—better...than the federal government, which is in the process of shedding 272,000 workers by 1999. (In one breath, Clinton brags about government downsizing; in the next, he complains about the corporate downsizing. But that's another story.)

White-collar AT&T managers get a lump sum of five to 35 weeks' salary (depending on age and tenure with the company). AT&T adds another 20 percent to that lump sum, plus $10,000, which can be used to relocate, get retrained, or buy computer equipment to start a new business. AT&T continues to pay health benefits for a full year for departing employees who have been with the company for more than five years.

A typical manager (42 years old, 16 years of service, making $55,000 a year) gets a package worth $30,000 (plus regular pension).... Blue-collar workers do even better. A clerical employee (44 years old, 18 years of service, making $644 a week) gets a package worth $64,000.

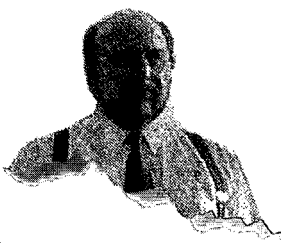
So, stop whining, Baby Boomers. You're getting older, but...you still have the opportunity to get better.

From "Good Times, Bad Vibes," by Herbert Stein, *Wall Street Journal*, March 14, 1996.

In 1995, 4.8 percent of men age 20 and older were unemployed. In the previous 20 years the average had been lower than that only three times, and then not by much. The proportion of the civilian population over the age of 16 holding jobs in 1995 was higher than in any year but one in history. The highly publicized layoffs by large corporations were a tiny fraction of the labor force and a small fraction of the number of people who enter or leave employment each year.

New York Times story of March 5, 1996

Big Holes Where the Dignity Used to Be



By RICK BRAGG

LOS ANGELES — To the beggars downtown that autumn day, every wing-tipped stride of James E. Sharlow seemed to resonate with prosperity. His suit was boardroom gray, his tie was red silk, his creases as crisp as fresh money. One ragged man sidled up to him with a sad story and an outstretched palm.

"Excuse me, sir," he said, "but you spare $5? I've got a [illegible]eed. I haven't worked [illegible]ne."

[illegible]," Mr. Sharlow [illegible]the [illegible]tter experi- ey for about

THE DOWNSIZING OF AMERICA

Third of seven articles:

In the Family, The Good Life Lost

all want the layoff to be only a ripple in their old life, not the beginning of a new one.

"I believe in the American dream," he said, with a resistance that is part pride, part hope, part denial. "I feel it fading. I still believe."

So while the layoff has eroded his dreams of retirement and stolen his family's long-range security, it has not, on the surface at least, greatly changed the look of their lives. Mr. Sharlow always saved, and over the years put away about $300,000. Now every three months he dips into the mon- $10,000 to pay bills and the mort- ny, ranch-style house, with a of small but

And yet we are swamped with reports that American workers feel terribly insecure, especially about their jobs.... I don't doubt that the feeling of insecurity exists. What is less clear is that the feeling is very serious.

Concern with insecurity ought to be evident in real behavior. When people became seriously concerned about their health they reduced their smoking and drinking. When people became seriously concerned about crime, they locked their doors, installed security systems and watched where they walked. If people were seriously concerned about their economic condition one might expect them to save more, but they don't. One would expect men to continue working into their older years to accumulate more financial reserves, but instead they retire at earlier ages. If families were seriously concerned about the economic future of their children, they would turn off the television and make the children study, but they don't. So, I am unsure about how deep or pervasive the feeling of insecurity is....

One explanation commonly offered for the feeling of insecurity is that the risk of becoming unemployed has now spread to people

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who did not expect to have that risk, meaning mainly white-collar and professional workers. But the available statistical evidence does not support that belief.... The unemployment rates of white-collar workers rose during the recession of the early 1990s, but they remain less than half as high as for blue-collar workers. Anyway, it is not clear why there should be more national concern over the unemployment of white-collar workers than over that of blue-collar workers....

The public discussion of job insecurity suffers from failure to understand the nature of the employment relationship. The relationship between an employer and an employee entails a number of risks. There is a risk that the employee may not like his work or that he may see better opportunities elsewhere. There is a risk that the employer may not like the employee or that having invested in training and equipping the worker there may be changes in demand or in technology that will make the value of the worker's product less than was initially expected. The risks will be divided between the employer and the employee, and the way they are divided will affect the rate of pay.

...The employer may agree to guarantee employment for a stipulated period, but he will not be willing to pay the employee as much as he would if he were free to discharge him when employing him became unprofitable. Some unions, for example, bargain for job security in their contracts. Job security is a condition of the contract that has to be traded off against other conditions, and workers have decided that they wanted that more than higher pay.... Perhaps both workers and employers would find it beneficial in some cases to enter into longer-term employment contracts than are now the rule in the U.S.... But it is by no means clear that workers in general would gain, in their lifetime incomes, by arrangements that reduced their risks of unemployment.

This may seem too hardhearted and "economistic" a way to look at the situation. Because they are dealing with human beings, not machines, most employers do not discharge a worker the moment that would maximize profits. Some people would say that employers have a social responsibility to commit themselves to providing more assured employment. But would this social responsibility extend to paying workers as much as they would get without that commitment?... And would consumers have a social responsibility to buy as much product if the commitment entailed higher prices? And who would have a social responsibility to the people who did not get employed in the first place because employing them would have entailed too large a commitment?

The social responsibility approach draws us into a thicket from which escape is not easy. And the problem is not made any easier by the suggestion now being floated around that tax benefits be given to corporations that act responsibly as defined by someone (perhaps the Secretary of Labor).

To search for ways to improve the conditions of employment is desirable. But before changes are made we should try to consider all their implications—not just the ones that first come to mind and to the headlines.

From "Far From Doomsday," by James K. Glassman, *Washington Post*, March 5, 1996.

Robert Reich, the secretary of labor, calls working Americans the "anxious class." But anxiety—a nagging, shapeless worry about the future—has always been part of the human condition, as Freud pointed out long ago....

While anxiety is something we can live with, hysteria is something we can't. And hysteria is rapidly becoming the order of the day in politics and journalism when the subject turns to the economy. The latest manifestation is a seven-part extravaganza on "The Downsizing of America," now running in the *New York Times*....

Our gross domestic product has increased 3 percent annually since the shallow 1990-91 recession, while Japan is mired in stagnation.

New York Times story of May 12, 1996

We're Leaner, Meaner and Going Nowhere Faster

By LOUIS UCHITELLE

FOR years, Americans have been told to place their hopes for a better standard of living in the huge investments in automation and computers and in the tens of millions of layoffs intended to make the nation more efficient and productive. And now there is a growing acknowledgment among economists and others that this strategy has not worked.

What this means, if that conclusion in fact solidifies as a broad consensus, is that many of the layoffs might have been in vain. After nearly 25 years of only minor increases in what economists call productivity, the great hope of an economy vigorous enough to raise just about everyone's income level is still just a hope.

Without rising productivity, an economy cannot really boom. Productivity is the amount, valued in dollars, that a [illegible] produces in a given hour, [illegible] or complicated [illegible] or a hamper [illegible] heads and hands

U.S. job growth in 1994 was the highest in a decade, and inflation is lower than in any other five-year period since the early 1960s. Still, in a recent speech, Sen. Edward Kennedy says we're in a "quiet depression" and that "a storm is coming." Things are so bad that Pat Buchanan wants to wall the nation off against competitors....

Big and clumsy, AT&T shrinks, but the future may be elsewhere. Employment at MCI Communications has grown from 12,000 in 1985 to 48,000 today; Sprint, from 27,000 to 52,000.... Consultants at WEFA Group predict that the new telecommunications deregulation bill alone will add 3.4 million jobs to the U.S. economy in the next 10 years.

But the *Times* favors other figures. The authors write: "Roughly 50 percent more people, about 3 million, are affected by layoffs each year than the 2 million victims of violent crimes." Layoffs, in this subtle comparison, equal violence.

...A recent issue of *The Economist* notes that Baby Boomers, far from being worse off than their parents at the same age, have inflation-adjusted incomes that are 50 percent higher. As for inequality: Sure, it exists, but as Madison affirmed in *Federalist 10*, there's nothing wrong with different people earning different amounts of money or having different degrees of wealth, as long there is a good chance for everyone else to rise. And, as study after study shows, there is.

...The problem with hysteria is that it could lead to damaging solutions. One popular theme, promoted by Reich and Kennedy, with encouragement from President Clinton, is to reward "good" corporations and punish "bad" ones. Kennedy would offer a lower corporate tax rate (30 percent, rather than 34 percent) to what he calls Most Favored Companies—those "avoiding layoffs designed simply to mazimize profits, paying adequate wages, sharing gains, training and upgrading skills, and providing health care and retirement benefits." Minority leader Richard Gephardt would not allow the government to buy anything from "bad" firms.

Just one question: Is AT&T "bad" because it is laying off 40,000 employees, or "good" because it has sharply lowered the cost of making long-distance calls, contributed about $2 billion a year to the Treasury in taxes, invested billions more in buying equipment from

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U.S. suppliers, and made 2.3 million shareholders more economically secure in their old age?

This is not to say that the economy does not produce anxiety and pain. But relief won't come from turning corporations into social service agencies and then regulating the hell out of them.

...Forget about eliminating anxiety. Let's just concentrate on hysteria.

From "Downsizing for Growth," by Robert J. Samuelson, *Newsweek*, March 25, 1996.

The hysteria over downsizing—whipped up in part by Labor Secretary Robert Reich and a massive series in the *New York Times*—is just that.... In some respects, downsizing may improve the economy.

It seems counterintuitive. We are uneasy with the possibility that what's bad for individual workers and firms—job insecurity, bankruptcy—may be good for society. But this may be, and the argument is not simply that downsizing enables some companies to survive. The notion is broader: it is that the anxieties and uncertainties that unsettle people may make them more prudent and productive in ways that strengthen and stabilize the economy.

Though little noted, the present economic expansion recently became the third longest since World War II. It has lasted almost five years and is exceeded only by the expansions of the 1960s (106 months, from February 1961 to December 1969) and of the 1980s (92 months, from November 1982 to July 1990). But in some ways, it is superior to these because it hasn't yet spawned higher inflation. Since 1990, inflation has dropped from 6.1 to 2.5 percent. By contrast, it rose in the 1960s, from 1.4 percent in 1960 to 6.2 percent in 1969.

The 1960s boom is often viewed nostalgically as a "golden age," when it actually set the stage for the most turbulent and least productive economic period since 1945. The severity of the two worst postwar recessions...stemmed directly from double-digit inflation (12.3 percent in 1974 and 13.3 percent in 1979). And the global competitiveness of many U.S. industries eroded; between 1971 and 1980, for instance, car imports rose from 15 to 27 percent of U.S. sales.

We are much better off today in most respects. What happened? The answer, I think, is that there has been a profound shift in economic ideas, which, though improving the economy, offends Reich and the *Times*. From the 1960s to the early 1980s, government officials and corporate managers consciously strove to...eliminate recessions and enhance job security.... "Responsible" companies promised, implicitly or explicitly, lifetime jobs.

The experiment failed. The concerted pursuit of...total job security and economic stability gave us higher unemployment as well as higher inflation. In the 1980s, economic ideas changed. The Federal Reserve moved ruthlessly against inflation.... Meanwhile, companies grew less concerned with saving jobs and focused more on raising market share and profits.

The result is that, since then, average unemployment has dropped, the one subsequent recession in 1990-91 was fairly mild (peak monthly unemployment—7.8 percent), and industrial competitiveness has advanced.... We finally recognized that the promises of economic stability and job security were self-defeating....

None of this means that there won't be future recessions (there will), that all downsizing is justified (it isn't), or that some workers don't suffer terribly (they do). But in a market economy, job loss is unavoidable, and the social harm may be muted if layoffs are spread out and not concentrated—as in the past—in slumps or periods of industry crisis. Fired workers can be rehired more quickly in a growing economy. The *Times* visits Dayton, Ohio, where "everything, seemingly, is in upheaval," in part because NCR (absorbed into AT&T) is downsizing. Belatedly, we learn that the county unemployment rate is only 4.8 percent. Contrast that with Flint, Michigan, in the early 1980s, when auto layoffs sent the jobless rate to 20 percent.

What's missing in this debate (and the *Times*' series) is a sense of how jobs are created. Companies hire workers to make a profit; workers take jobs to make a living. If profitable hiring becomes too hard, firms won't do it; if being unemployed becomes too easy, people won't look for jobs. Europeans increasingly admire our flexibility, because their system—though outwardly more compassionate—stifles job creation. They have more generous jobless benefits, steeper payroll taxes (to pay for the benefits), more restrictions on firing, and higher unemployment. In Germany, the jobless rate is 10.3 percent and headed up.

What Europe teaches is that societies can't outlaw job insecurity, but they can inadvertently outlaw job creation. The *Times* ignores Europe's experience, and our own recent experiment with economic security....

From "Capitalism Under Siege," by Robert J. Samuelson, *Newsweek*, May 6, 1996.

It can be said of capitalism what Winston Churchill once said of democracy—it is the worst possible system, except for all the others. We might ponder this now, while commentators are denouncing American capitalism. Increasingly, they find it heartless....

Ask this: What can we expect from our economy? Probably most Americans would answer (a) jobs, (b) rising incomes, and (c) security. By these measures, our system does fairly well. Consider. Between 1985 and 1995, it created 18 million jobs. Living standards? They're slowly rising. Between 1979 and 1989, at least 75 percent of households had income gains, concludes a study by economist Richard Burkhauser of Syracuse University. (As Burkhauser argues, income comparisons need to match similar spots in the business cycle to avoid the distortions of uneven unemployment. Both 1979 and 1989 were business-cycle "peaks.")

Economic security—or rather the lack of it—is the latest criticism of capitalism.... American economic anxieties are now said to be exceptionally high. Not so. Polls do not "support the premise that the public is 'scared as hell,'" write Frank Newport and Lydia Saad of the Gallup Organization. In March, 49 percent of Americans rated themselves better off financially than a year earlier; that rating is as high as any since 1976.

American capitalism is a structure of rewards and disciplines whose effects need to be judged in their totality. The same freedom that allows errors and excess also encourages new products and efficiencies. The virtues and vices cannot be entirely disentangled, though critics often suppose they can.

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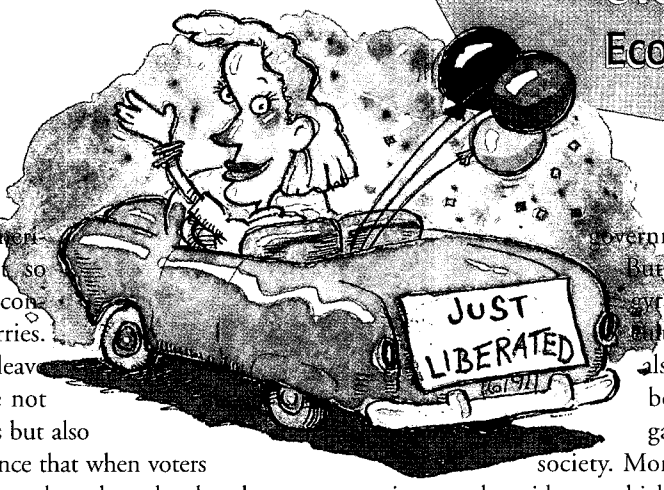
High Anxiety

Americans Are Worried—But Not Over Economics

by Michael Barone



What is worrying Americans today is not so much financial discontent as social worries. On that point the polls leave little doubt. This is true not only in personal attitudes but also in politics. There is evidence that when voters make their political decisions these days, they lean less on economic criteria than they used to. What is broken in our society, most Americans now recognize, is not the economy. It is our culture.

The worst of the cultural wreckage was done between 1965 and 1980. Over those 15 years, the U.S. violent crime rate *tripled.* Drug use exploded during the same period, peaking in around 1980. Illegitimate births as a percentage of all births increased 139 percent from 1965 to '80, and another 60 percent since. Single-parent families as a percentage of all families nearly doubled from '65 to '80, and rose about 50 percent more since then. These unhappy trends resulted from a plummeting marriage rate and a soaring divorce rate. Since 1980, marriage and divorce rates have plateaued at their new, troubling levels. The percentage of children on AFDC rose from 4 percent in 1965 to 12 percent in 1980, and has increased little since. Annual abortions reached 1.6 million in 1980, a bit higher than today's level. Average combined SAT scores fell from 969 in 1965 to 890 in 1980—and then essentially held steady. Church membership declined from 64 percent of the population in 1965 to 59 percent in 1980—about today's level.

Not all these changes are unalloyedly for the worse. A wider range of students may be taking SATs, some people are better off divorced, and so on. But on balance, these changes are not what the Americans of 1965 would have chosen. And their net impact has been powerfully harmful. The social collapse ushered in by the 1960s generation has caused far more insecurity than the much-lamented economic trends of the 1980s and '90s.

The decline in American culture cannot be attributed to governmental neglect. Quite the contrary: Federal non-defense spending increased from 11 percent of Gross Domestic Product in 1969 to as high as 18 percent in the 1970s, before settling at 17 percent today. If anything, our overlarge and undercompetent government has contributed to our social troubles. But more than the failures of government or the operations of markets, three *ideas* have driven U.S. cultural decline. All three were espoused by liberals at the leading edge of the Baby Boom. And beginning in the mid-1960s all three rapidly gained a stronghold in important parts of our society. More recently, there has been a reaction against these ideas—which may be bringing the beginnings of a reversal of our decline.

The first key 1960s idea is liberation from established norms. The second is a preference for ambiguity over clarity. The third is a sense of entitlement to desired economic and personal outcomes. Let's take them one at a time, beginning with the taste for "liberation."

Americans of the 1940s and '50s believed in big government, big business, big labor, a big military, and big cultural institutions. From the advent of the New Deal, they lived with thick rules and regulations, bureaucracies and hierarchies. Big Institution America worked well enough in weathering the Depression, winning a world war, and building postwar prosperity. But, as William Strauss and Neal Howe describe in their book *Generations,* the Baby Boomers chafed at the conformism and "organization man" mentality that marked their parents' generation.

But the Boomers didn't just throw out the social structures of their parents. They also rejected their parents' moral codes and mores—the cultural rules that had made America a successful, disciplined nation with high growth rates, large families, and little crime. Where their elders deferred to authority and revered experts, Boomers rebelled. They set out to create what Daniel Yankelovich called "new rules" for the conduct of human affairs—with limited success. Big government continued to grow. Big labor shrivelled for reasons of its own. But the Boomer rebellion was hugely influential in reshaping the culture. In the 1970s, Strauss and Howe note, the G.I. generation that had grown up in Depression, won a cataclysmic war, and brought postwar America to world leadership suddenly ceded moral leadership and control of the country's values-setting institutions (like universities, the news media, the entertainment industry) to their children the Boomers—the earliest abdication of generational leadership in

Illustrations by Charles Peale

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American history. Old rules on military service, sexual behavior, marriage and family life, and so forth were discarded—by a generation of males who refused to fight for their country as their fathers had, and a cohort of females who refused to raise their children as their mothers had.

> powerful weapon in the quest for liberation was the national shift in the moral realm from clarity to ambiguity, from crispness to mushy neutrality, from bright lines to blurry boundaries, from rules to negotiations.

The Baby Boomer rebels used the clever adolescent's trick of zeroing in on a societally imposed distinction and showing how in certain cases it didn't make sense. Aren't some unmarried couples just as moral and responsible as many married people? Isn't marijuana use no more harmful than tobacco or alcohol? Doesn't sloughing over differences make more sense than fighting over hard-and-fast ultimatums?

This new habit of mind was the second plank underlying American cultural decay, quickly reflected in public policies of the 1960s and '70s. Keynesian economists argued that the old preference for balanced budgets was out of date. Gold standards and fixed exchange rates were unduly "inflexible." In Vietnam, the Johnson administration fastidiously avoided "going overboard" in its bombing so the Viet Cong wouldn't become too miffed to negotiate. Similarly, leaders at home were reluctant to send in large numbers of troops (as large as in L.A. in '92), as I remember vividly from working for the mayor of Detroit during the 1967 riots. In the long aftermath of the '60s, the preference for ambiguity pervaded American society. Living together was regarded as little different than marriage, to the point that Hollywood lawyers brought "palimony" suits. Hired caregivers were said to provide care every bit as good as a mother's. It was earnestly declared that single-parenting was fine for children.

The third idea contributing to American cultural decline was what Robert Samuelson, in his brilliant *The Good Society and Its Discontents,* calls "the sense of entitlement." Increasingly, Americans felt entitled to economic success and the fulfillment of any appetite that stirred them on the path to "happiness." This sense of entitlement implicitly assumed that any unhappy results in life are "society's fault," and not the consequence of individual acts. Rather than seeking cures in better personal choices, government action is demanded. But such efforts have proved mostly futile, as government has grown larger in size and cost but ever more incompetent in achieving what is asked of it.

All the same, the Baby Boomers got most of the cultural redefinitions they wanted, and today liberated America turns out to be a place where it is not very safe to walk down the street, not very serene to grow up, and not very secure to be married. We are freer to use drugs, to abandon our families, to have sex of any kind, to abort unwanted children. This has undoubtedly left some individuals happier than they would otherwise have been. In some cases it may have prevented other horrible outcomes. But at a serious price: the loss of the first thing people seek from organized society—not economic gain, but rather a stable order in which individuals can make a living, find their interests, worship their God, live their personal lives, and contribute to their communities.

This cultural disorder, far more than a mostly imaginary economic disorder, is what gnaws at American minds and threatens our goals today. Violent crime is a greater threat to most Americans than short-term unemployment. Divorce is a far greater threat than job loss to the typical person's lifetime project of accumulating wealth, for divorce transforms one relatively high-wealth household into one somewhat less wealthy one and one (usually the woman's) that is much less wealthy. The lively possibility of divorce has pushed many women into the job market even though they would prefer to be at home with their children. Personal "choices" have much more effect on our material well-being today than the economic, technological, or overseas events that most analysts focus on.

Can these cultural trends, which have overshadowed and even driven many of our economic trends, be turned around? It's happened before. Historian Robert Wiebe points out that the America that Alexis de Tocqueville described in the 1830s, having sloughed off old authority, went on to establish new rules for itself, and in the process changed from the brawling "alcoholic Republic" of the 1820s to the abstemious, well-mannered, and prosperous America of the late nineteenth century. It suffered great cultural divisions, including civil war, but a loose framework of moral ideas (built largely on religious revival) enabled people of widely different backgrounds to live together, build strong communities, and make rapid economic progress.

If this pattern is to repeat itself, the necessary first step is a broad desire and determination to live a different way. That may be happening. Leading-edge Baby Boomers created the kind of culture they wanted as teenagers. Now there is a growing recognition that today's American children are not turning out as well as previous ones, and many people are realizing that previous generations were right in refusing to let cultural norms be set by adolescents.

"What we badly need to do, once our rebellion against the 1950s has run its course, is to rebuild some anchors of stability to help us through unsettling times," says Alan Ehrenhalt. Perhaps those anchors are already being rebuilt. In the past few years there are glimmers of new interest in marriage, and new disillusionment with easy divorce. After a period when imprisonment was out of vogue, criminals are once again being locked up. Aggressive policing is being reintroduced in some cities. And crime rates are responding. Teenage illegitimacy may have crested; the number of abortions definitely has. No-fault divorce may be rolled back across the country as rapidly as it was adopted in the '70s. Our leaders no longer hesitate to use force to uphold their authority, whether in Iraq or Los Angeles (where the riot of 1992 was ended in 36 hours, compared to the week-long duration of 1960s riots).

The ideas of liberation, ambiguity, and entitlement seem to be losing their force. What is there left to be liberated from, except the effects of liberation itself? What is the appeal of moral ambiguity when its destructive effects are visible all around us? Why press for entitlements when it has become clear that people move ahead more reliably by taking responsibility for themselves than by accepting recompense for what is "society's fault"?

The "culture wars" of the past dozen years have been fought to an apparent draw between a growing body of tradition-minded Americans and a highly articulate body of liberation-minded

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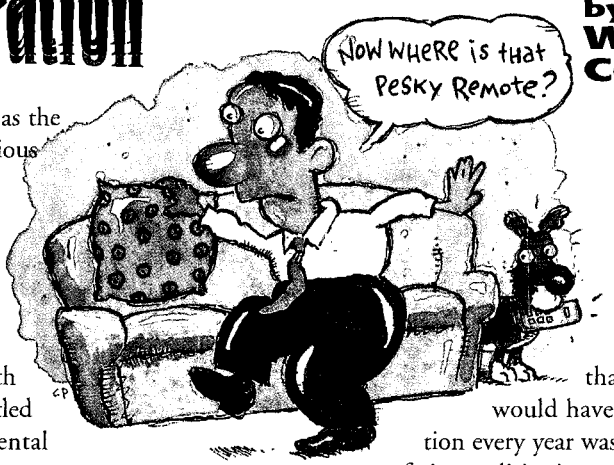
Americans who dominate the media and public institutions. The latter have continued to drum up new crusades: for animal rights, against smoking, witch hunts over child abuse and sexual harassment, agitations against throwaway diapers. But they are scraping the bottom of the liberation barrel. Even their current political champion, Bill Clinton, now echoes the language of the Right, extolling "personal responsibility," declaring that the "era of big government is over," coming out against welfare for teenage mothers, opposing gay marriage. Clinton is merely responding, as most politicians do, to movements among the people. Younger Americans—many of them latchkey children, scarred by divorce, scarcely educated in fad-obsessed schools, unattached to the establishment media dominated by liberation-minded Boomers, heavily taxed for government benefits they will never receive—seem especially to be struggling, with some success, to develop new rules that will repair and rebuild the American culture that has served them so badly. People can triumph over adverse circumstances even worse than our current cultural unease. Americans especially have done it often. Contrary to what you hear most of the time in the news, they may now be doing it again. And it has very little to do with the economy, stupid.

Michael Barone, a senior writer for U.S. News & World Report, *is co-author of* The Almanac of American Politics, *and a regular contributor.*

The Feel-Bad Generation

by **W. Michael Cox**



History may eventually tag the Baby Boomers as the biggest whiners of all time. Compared to previous generations, we live in bigger houses, drive safer cars, have shorter work weeks with more paid vacations, start work later in life, retire earlier, do far fewer chores around the house, travel more, and enjoy more golf, softball, symphonies, and movies. We've filled our homes with all kinds of gadgets, our garages with ATVs and jet skis, and our refrigerators with bottled water from France. Pollution is down, accidental deaths are down, life expectancy is up a lot.

By most objective standards we should be happy. Yet angst abounds. Why, when we have it so good, do we feel so bad?

1 Wrong perspective. Economic scarcity was the norm for previous generations (see sidebar on page 36). A young worker shouldn't look at his parents' current possessions and say "how come I don't have that." He should look at what previous Americans had at the same stage of life.

2 The baby boom generation is going through mid-life crisis. Middle adulthood is typically the hardest part of life. Pay off the house, teach the kids, pay for college, save for retirement—there's never enough money or time. With Baby Boomers now spanning from ages 32 to 50 (when work stresses peak for most people) it's no wonder that talk of economic overload is in the air.

3 Grandparents aren't any longer in the home to keep us aware. However bad your day may have been today, it's unlikely you had to get up at five in the morning to milk the cows, or that you boiled your dirty clothes clean on the stovetop. While it's good that the elderly can now afford to live on their own, one big cost may be that the people who are most aware of how easy Americans have it today aren't around to provide perspective.

4 Expectations have replaced what was once just hope. Previous generations didn't expect fresh fruits in the winter time. They didn't take it for granted that their children's teeth would have braces. An extended vacation every year wasn't assumed. We now think of air conditioning, two cars, dishwashers, TVs, miraculous medical care, and so on as entitlements.

5 We romanticize the past. Earlier eras were not carefree. Historian Otto Bettmann noted this in his book, *The Good Old Days: They Were Terrible!*

6 Inflation is down. Inflation often creates the illusion of increasing prosperity. Though we're better off with lower price and wage increases, we miss that *faux* pat on the back.

7 Politicians need a dependent populous. Politicians have a natural stake in telling us that "Life is bad and unfair. Vote for me and I'll help."

8 Scare-industry profiteering. Nothing sells like bad news. Not only the media but also certain other businesses, plus all manner of advocacy groups, know that bad news makes good copy. Lots of folks prosper by making others worry.

9 We are going through a technological revolution. There is a basis for some of the angst we feel. It stems from today's "churn." The computer is perhaps the second most revolutionary invention in human history (the first being electricity) and our society is restructuring itself accordingly. Progress does not come without stress.

Michael Cox is vice president of the Federal Reserve Bank of Dallas.

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INEQUALITY

SHOULD WE WORRY?

BY JOHN H. HINDERAKER AND SCOTT W. JOHNSON

Americans have experienced an almost daily bombardment of claims regarding a "widening income gap between rich and poor" and a "disappearing middle class." By sheer repetition, these claims have attained the status of conventional wisdom. Most commentators don't even cite evidence to support their statements.

Not surprisingly, politicians—usually Democrats, but also Republicans like Pat Buchanan—have sought to turn this conventional wisdom to partisan advantage. Invariably, assertions of terrible income inequality lead to calls for expanded regulation of the private economy, higher taxes, more government welfare programs, and state redistribution of wealth from rich to poor. But are incomes really skewed unfairly today? Are things really getting "worse"? And what is the context of work, achievement, and opportunity that surrounds today's income distribution?

In any free economy, some people will produce and earn more than others. In large part this simply reflects the sharply different amounts that people earn in successive stages of the long lives that modern society allows. Income statistics that throw together retirees, parents of small children, students, peak middle-aged earners, young singles, and others will be quite lumpy even before variables like talent and effort and technology are factored in. These and other relevant facts should be reviewed carefully before any consideration is given to government equalizing policies that are certain to drag down economic growth, reduce personal freedom, and encourage irresponsible behavior.

The Connection Between Income and Work

Discussions of income distribution are inherently misleading in one fundamental respect: income is not distributed, it is earned. While obvious, this fact is often overlooked. Upper-income Americans are routinely derided by politicians and journalists as lucky, perhaps nefarious, citizens who have typically achieved their status through finagling on Wall Street or elsewhere. Richard Gephardt's reference to individuals who earn good incomes as "winners in the lottery of life" is just one recent example of this. At times, the message seems to be that such people should be grateful the government allows them to keep some of their money.

But the truth is, few upper-income Americans got there through any kind of lottery. To a remarkable extent, differences in income relate directly to differences in work. For the most part, upper-income American families do better than lower-income families because they toil harder.

Fully 55 percent of the households in the lowest fifth of the income spectrum today have *no* paid workers at all. Of the minority who *do* work, only about a quarter work full-time. Households in the highest income fifth, on the other hand, have two or more income earners in 83 percent of all cases. Fully 11 percent of America's "rich" families include four or more earners.

Most of the "income gap" bewailed by liberals is explained by these enormous differences in the amount of work performed. Of the total income difference between families in the top fifth

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and families in the bottom fifth, Princeton professor Lawrence Mead calculates, 70 percent can be accounted for simply by variations in the number of hours labored. The "fortunate fifth," in Robert Reich's endlessly repeated phrase, is actually less likely to be fortunate than hard-working.

The Supposed Squeeze on Middle Class and Poor Americans

Over the past two decades, liberals have portrayed America as a country increasingly divided between rich and poor, with fewer and fewer families in between. The economy is portrayed as a static pie where each income group gets a slice—where the prosperity of one group implies the impoverishment of the others. In essence, wealth is said to cause poverty.

Yet this is not what national economic statistics reveal. Census Bureau data show clearly that income groups in this country rise and fall together. In virtually every single year over the last three decades, either all five income groups have experienced growth, or all have experienced decline. And after all the zigs and zags of recessions and growth periods have been folded together, the overall income trend has been solidly upward.

You will often hear statistics cited in the media that purport to show flat or even declining real wages and family incomes over the last generation. Often this is done through selective use of beginning and end dates (starting at a peak of the business cycle and ending at a trough, typically). More fundamentally, there are serious flaws in the official wage and family income statistics for the last 30 years that make them very misleading in their unadjusted forms. Many factors—including changes in family size and composition, the rising share of income that comes in the form of company or government benefits rather than cash, and serious inaccuracies in the government inflation-indexes—make comparisons of figures from the 1960s and '70s to those of the 1980s and '90s grossly misleading. (For more on this subject, see "Payday

Real-life Mobility

That good-looking fellow in the picture above is me, standing in front of my family home in June 1949. My only memory of that house is returning from school one day and discovering that it was missing. I had forgotten that it was to be moved that day about a quarter-mile up the road. Once it was relocated, my dad added a couple more rooms to it. A few years later, when his income permitted, he expanded the other side of the house.

Later, we bricked it and added more rooms, plus a car-port. I helped my dad build by hauling dirt, one wheelbarrow load at a time. It took all summer.

I think of that house and the way it grew over time as a metaphor for income growth. It's the American way to start off at the bottom and work your way up. My dad's was no Horatio Alger story, but his income probably rose from the lowest rung of the income distribution to the highest during his working life, and then back down a notch or two. And statistics show that his experience is actually quite common in this country.

Many of the recent news accounts about growing income disparity are misleading. For while the evidence does suggest that the upper income levels have been growing relative to the lower levels, it's not that the rich are getting richer while the poor are getting poorer. Both are getting richer, on average, just not at the same rate.

The more fundamental fact missing from most of what is written today on recent income trends is that income levels are not static. There is a heavy flow of Americans from one income class to another over time. To a much greater extent than one might expect from news reports, today's officially poor person often becomes tomorrow's middle-income or high-income earner. And it works the other way, too. As we say down here in Dallas, the easiest way to become a Texas millionaire is to start out as a Texas billionaire.

The encouraging reality that emerges from the latest U.S. income data is that most lower income households do rise on the economic ladder during the course of their lifespan. A healthy percentage make it all the way to the top. That's what America is all about—the opportunity to end up ahead of where you started.

Robert D. McTeer, Jr.
President, Federal Reserve Bank of Dallas

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Mayday" in the September/ October 1995 issue of *The American Enterprise.*)

To see just how misleading the gloomy income and wage numbers in today's headlines are, place them next to the *per capita* income trendline calculated by the U.S. Bureau of Economic Analysis. This less distorted figure totals up the funds circulating in the consumer economy and then divides that by the number of men, women, and children in the U.S. And it shows that since 1970, spendable income per American has risen by about 50 percent in constant, inflation-adjusted dollars. In other words, steady growth for American families, not decline.

There has been a great hullaballoo recently about "downsizing" and the alleged disappearance of good jobs. Millions more jobs are being created than eliminated, however, and there is clear evidence that the vast number of these new positions fall in the highest-paying categories (managerial/professional, technical, and production). This will keep the American middle class robust and growing, not shrinking.

Worries over the numbers of poor individuals in this country are more legitimate. The worst influences on our poverty problem, however, are not economic at all but rather social and behavioral. In particular, family breakup has decimated low income households over the last three decades.

A glimpse of this can be seen in the income data on African Americans. Between 1970 and 1994, real income per black family rose only 11 percent, suggesting financial stagnation. But this is misleading. Over the same period, real income per black person rose by 59 percent. The difference largely reflects the effects of family fragmentation and family nonformation in black America.

And then there are the effects of technology, trade, and so forth. It is inevitable in any dynamic society that there will be widening economic distance between top workers and non-workers. (As we have seen, non-workers are precisely what the majority of those in America's bottom income fifth are.) After all, persons who are not working have no earnings, and zero will always be zero. Yet meanwhile, the magical effects of improved knowledge and skills are making it possible for those persons who *are working* to accomplish more and more (and earn more and more) with each passing year. In any period of rising productivity and growth, the distance between producers and non-producers will thus be growing. It is simply a fact of life—or of statistics—that so long as we have a large non-working population at the same time that new tools make it possible for hard-working individuals to create rising amounts of new wealth, the "gap between rich and poor" will widen.

This in itself is not noteworthy. It is not unjust. The real issue is whether people at or near the bottom of the economic heap have the opportunity to move up when they apply themselves.

Opportunity and Income Mobility

Conventional discussions of income distribution imply that the same individuals persist in each monetary slice over the years. When we say that families in the bottom fifth of the income spectrum lost ground to the stagflation of the late 1970s, then made steady gains during the Reagan boom, and then lost ground again in the 1990's, it is natural to visualize a single family and to conclude that such a family wound up, when all was said and done, about where it started out. This could lead to the pessimistic conclusion that America is, after all, a stratified, caste society.

That, however, would be utterly false. The fact is, American society provides an exceptional amount of opportunity and upward mobility. When we follow specific individuals through time, as opposed to looking at statistically defined income groups, we find a picture of growth and ferment.

Several recent studies shed light on this critical subject. In 1992, the U.S. Treasury Department analyzed tax returns filed by 14,351 taxpayers for all of the years from 1979 to 1988. For each year, they assigned all 14,000 filers to an income bracket, and then they followed the household's progress over the decade. The results were startling: 86 percent of those who were in the bottom fifth of the income spectrum in 1979 had moved to a higher fifth by 1988. A person who started at the bottom was actually more likely to end up all the way at the top than to remain in the lowest group (only 14.2 percent of those in the bottom fifth in 1979 were still there in 1988, while 14.7 percent had moved to the top fifth).

What this study shows is that America's "rich" and "poor" tend to be, in large part, the same people at different times in their lives. The "poor" obviously include some people who are

INEQUALITY IS NOT INEQUITY

In the early 1970s, three groups of unemployed Canadians, all in their 20s, all with at least 12 years of schooling, volunteered to take up residence in a stylized economy where the only employment was making woolen belts on small hand looms. They could work as much or as little as they liked, earning $2.50 for each belt. After 98 days, the results were anything but equal: 37.2 percent of the economy's income went to the 20 percent with the highest earnings. The bottom 20 percent received only 6.6 percent.

This economic microcosm tells us one thing: even among similar people with identical work options, differences in talent, motivation, and preferences will lead some workers to earn more than others. Income inequality isn't some aberration. It's perfectly consistent with the laws that govern a free economic system.

Equality of opportunity doesn't yield equality of results. Inequality is not inequity.

—From "By Our Own Bootstraps: Economic Opportunity and the Dynamics of Income Distribution," W. Michael Cox and Richard Alm, Federal Reserve Bank of Dallas, 1996.

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demoralized, disabled, or otherwise stuck in an income rut. But the much larger number of "poor" households consists of students, young people who are just starting out in life, recent immigrants, and retired people. This year's bottom 20 percent are not the same as last year's, or those of the year before. Over time, the vast majority of low-income people find jobs, work their way up, and spend their peak earning years in far more prosperous circumstances. They are replaced at the bottom by younger people, arrivals from foreign lands, new retirees living off their savings and paid-for homes, and so forth. (See the article in this issue by Charles Murray, following, for more examples of this reality.)

Of course, income mobility is a two-way street. Like the "poor," the "rich" are an ever-changing group. Contrary to popular conviction that the rich only get richer, the Treasury Department study found that six out of ten taxpayers who had ranked in the top 1 percent in income in 1979 had dropped out of that category by 1988.

Further confirmation of the remarkable degree of mobility in the American economy comes from a second study, conducted for the Urban Institute by Isabel Sawhill and Mark Condon. Sawhill and Condon followed a procedure somewhat like the Treasury Department study. They identified a group of families and recorded their incomes in 1977, then checked on the incomes of the same families in 1986. They calculated how much progress was made by each income slice over the decade. Their results show a tremendous amount of upward mobility at the bottom of the ladder. Families who were in the lowest fifth in 1977, for instance, had 77 percent more income in 1986, on average. Families in the second-to-lowest fifth increased their income by 37 percent over the decade. At the upper steps of the income spectrum, the progress was far gentler—only 5 percent growth during the decade for those who began in the top fifth.

A third study conducted recently by W. Michael Cox and Richard Alm further confirms that when the focus is on the condition of real households instead of abstract income groups, economic trends in the U.S. continue to be quite wholesome. Using a University of Michigan sample of over 50,000 Americans whose economic fortunes have been tracked since 1968, Cox and Alm find that 95 percent of the persons who were in the bottom income fifth in 1975 had made it out of that category by 1991. Eighty percent of those who started out "poor" in 1975 had become "middle class" by 1991 (reaching the middle quintile or better). Almost 29 percent of those at the bottom in the mid-1970s had risen all the way to the top fifth by sixteen years later. The average 1975-1991 real income gain for people starting in the bottom fifth was $25,322. Those who started in the top group, however, saw their incomes grow only $3,974 over the same period of time.

These data are of tremendous significance to the income debate. They show that much of what passes for inequality between rich and poor is really inequality between people at different life-stages. (Less than 9 percent of the families in the bottom income fifth in 1991 included anyone in the prime earning

THE DEEP SECRETS OF HIGHER INCOME

Believe it or not, family fortune and luck aren't the way most Americans make their way toward the top. The experiences and choices of those who have prospered provide the following "secrets" on how to get ahead in life:

GET MARRIED. Fully 83 percent of top-fifth households are married couples. Only a fifth of all the households in the bottom group are married.

GET AN EDUCATION. Nearly half of those in the top 20 percent of income earners graduated from college, compared with just 4 percent of people in the bottom 20 percent. Only 2 percent of those in the highest tier dropped out of high school, but a fifth of the lowest income group failed to get a diploma. In 1993, the median income of households headed by someone with a professional degree was $87,666. It dropped to $51,480 for an undergraduate degree, $28,700 for a high school diploma, and $16,067 for high school dropouts.

GET A JOB. Households in the top income fifth have, on average, 2.1 workers, compared with only 0.6 for the bottom fifth.

WORK FULL TIME, all year round. In the lowest fifth of income earners, 84 percent worked either part time, less than half the year, or not at all. Meanwhile, eight out of ten in the top bracket worked 50 or more weeks of the year. Only 13 percent of poor persons who are not working say they can't find a job. Just 7 percent of part-time workers say they are looking for full-time work and unable to find it.

SAVE MONEY. Savings make a big difference, especially come retirement. For individuals 65 and older in the bottom fifth, 83 percent of income comes from Social Security and only 9 percent from savings. In the top bracket, earnings from savings account for 54 percent of income, and Social Security for only 20 percent.

STICK TO IT. Average income tends to rise quickly with age, as workers gain work experience and knowledge. Households headed by someone under age 25 average $15,197 a year in income. Average income more than doubles to $33,124 for 25- to 34-year-olds. For those 35 to 44, the figure jumps to $43,923. It takes time for learning, hard work, and saving to bear fruit.

—Adapted from "By Our Own Bootstraps: Economic Opportunity and the Dynamics of Income Distribution," W. Michael Cox and Richard Alm, Federal Reserve Bank of Dallas, 1996.

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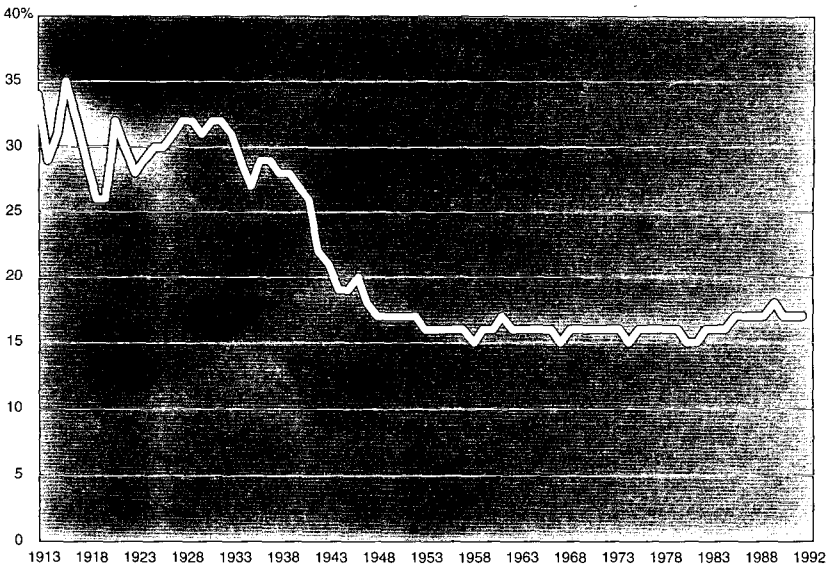
ages of 45 to 54.) America is not stratified into two kinds of people—the haves and the have-nots. It is a nation where great financial transformations are possible, where steady prosperity and upward progress is the norm for those who work, and where the barriers between economic classes are tissue-thin.

Under these conditions, it is not clear that "increasing income inequality" (universally decried by pundits) is actually bad. So long as income mobility exists to the extent it does in our economy, income spreads mostly just reflect how rich the opportunities are. They represent the chance for talented and hard working people to move, very fast, from having little to having a lot. Until left-wing critics put forth a coherent theory as to what constitutes the "right" income distribution—a theory that must, among other things, take into account the demographic factors reviewed above—they have no reasonable grounds for attacking the patterns now prevailing in the United States.

SHARE OF TOTAL FAMILY INCOME RECEIVED BY THE TOP 5% 1913–1992



Source: 1913–1946, Eugene Smolensky and Robert Plotnick, *Inequality and Poverty in the United States: 1900 to 1990*; 1947–1994, U.S. Bureau of the Census.

WHAT ABOUT THE RICH?

The top fifth of American families can hardly be considered "rich." After all, in 1994, the latest year for which we have data, the upper 20 percent had an average annual income of $115,608. Who, then, are the genuinely wealthy? One possible definition is the top 5 percent of all families. In 1994, that was any family making $109,336 or more.

We have data on the top 5 percent going back many years, so it is possible to consider the question of whether the 1990 s are really a golden era for the rich, as critics claim. The chart nearby shows how much of the nation's total income was earned by families in the top 5 percent for the years 1913 to 1994.

As a historical fact, it is not true that top income earners are faring unusually well today. On the contrary, income was much more unequally distributed in the past. In 1913, the richest 5 percent of the population earned about 30 percent of total income (excluding capital gains). That proportion stayed about the same until 1933, when it began to decline slowly. There was a more rapid tumble during World War II, and in the decades after the war the share of income going to the top 5 percent of earners bottomed out at around 16 percent. That figure edged upward during the 1980 s, and by 1992 reached 18 percent—exactly where it was in 1947. The current concentration is thus not particularly unusual.

There is no disputing that at the extremes of talent, diligence, or good fortune, an individual person can earn an extraordinary amount of money in today's economy. Why is it that Madonna earns more money than Elvis did, and Steven Spielberg more than Howard Hawks ever managed? Superior talent is almost certainly not the answer. Rather, the modern world has created new opportunities for the skilled and ambitious to leverage their abilities beyond what was possible in the past. Worldwide communication and global markets have opened unprecedented opportunities for creative people to earn money.

It is somewhat understandable that the gaudy paydays now available to star athletes and entertainers, inventors, and corporate CEOs should stir some disquiet. Economic evidence certainly does not support that crude notion. Most campaigns against high pay ultimately rest on little more than envy and greed, which are no basis for public action.

The notion that the disparities in income that exist in America today are unprecedented, undesirable, or unfair lives on primarily because it serves the powerful motive of liberal politicians and journalists to justify an ever increasing role in society for government action. Yet, as we have seen, it is founded on many factual misunderstandings. It is also built on false principles.

The "equality" desired by left-wing economic critics is an equality of outcomes—a very different kind of equality than that promoted by America's founders. Our founders celebrated equal rights of law and opportunity. They recognized, however, that equality of results is irreconcilable with natural differences in the talent and drive of each person. Given the range of human ambition and abilities, the only route to equal outcomes is through coercion and dispossession through force of state power. The liberal critics of inequality thus have an argument not just with current facts and realities, but with the architects of American freedom itself.

John Hinderaker and Scott Johnson are Minneapolis attorneys and authors of "The Truth About Income Inequality," published by the Center of the American Experiment.

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A STROLL THROUGH THE INCOME SPECTRUM

BY CHARLES MURRAY

The link between income and standard of living used to be simple: People who made more money lived better. They drove a Buick, not a Chevy. They moved from an upstairs flat to a four-bedroom split-level. They fished for muskies in Canada instead of bluegills in the local reservoir. Today, however, it's not so simple.

My curiosity about this phenomenon began a decade ago with a book called *Years of Poverty, Years of Plenty* by economist Greg Duncan and colleagues. Using data from an important survey that followed the same group of Americans from 1969-78, they portrayed a country where people's income rose and fell precipitously, lifting them above poverty for a few years then plunging them back in again. This, the authors informed us, was evidence of the huge role of luck and environment in life.

I suddenly realized I could have been part of their evidence: After making a good living in 1969 and '70, I went to graduate school and fell beneath the poverty line for a few years; then from 1973-1978 I zoomed from the poorest fifth in income to the next-to-the-top fifth. But I hadn't ever really been poor, and my standard of living didn't zoom in tandem with my increased income.

I asked Greg Duncan if we could select a handful of subjects who showed dramatic income changes, then go down to the storage room where they keep the interview forms with the interviewers' handwritten comments and try to discover what was happening. Greg cheerfully consented.

With small samples you can't estimate overall proportions precisely, but if you pick three marbles at random out of a jar of marbles and all three are purple, you can be sure the jar has lots of purple marbles. So it was with our small sample. The cases consistently revealed marked discrepancies between the story told by income and the story told by standard of living.

The elderly were in a world of their own. Their cash income can be so out of whack with their standard of living that it is close to meaningless. Example: A couple in their fifties were making about $60,000 a year (all the figures I use are expressed in 1992 dollars). Then in the mid-1970s, the husband died. In two years, the widow's income went from $60,000 to less than $5,000. How did she survive? Sell the family home? Move in with one of her children?

Not exactly. She had a college degree and had formerly worked as an accountant, making $33,000 as recently as 1970. She worked for a time after her husband died, then stopped. As of 1980, she listed no disability, received no welfare or Social Security. Only 55 years old, she listed herself not as "unemployed," but as "retired." She continued to live in the same paid-off family home she had lived in with her husband. As far as anyone can tell, this woman with her $5,000 income was living much the same life she had lived with $60,000.

The working-aged poor could be as hard to figure as the elderly. It's not just graduate students who show up below the poverty line but are actually living reasonably well. For instance, there was the husband with a grade-school education who worked full time while his wife with an eighth-grade education worked 1,200 hours. Together they earned only $8,600 when the survey began. They were under the poverty line for five of the next ten years and barely out of poverty in three others. They seemed to be candidates for Clinton administration poster family: people without high-tech skills, playing by the rules but condemned to poverty no matter how hard they work.

But I doubt Bill Clinton would want them as examples of what's wrong with America. In 1980, while officially below the poverty line, they operated three vehicles, including two trucks that the husband used as part of his own business. The couple owned their five-room house free and clear, and the interviewer gave it the highest possible ratings for neatness and condition. The data weren't complete enough for us to figure out exactly what was going on. Maybe this fellow wasn't telling the interviewer about every single penny he earned. Or maybe the income he reported just didn't translate into poverty as we ordinarily visualize it.

These anecdotes from the survey archives reinforced my belief that real poverty bears only a modest relationship to the poverty-income line. I didn't have time to pursue the issue more systematically, though, and no one at the survey group had any interest in doing so.

Since then, I have had a chance to collect informal data closer to home in the western Maryland village where I moved in 1989. My neighbors are farmers, white-collar workers, craftsmen, and unskilled laborers, along with a smattering, in roughly

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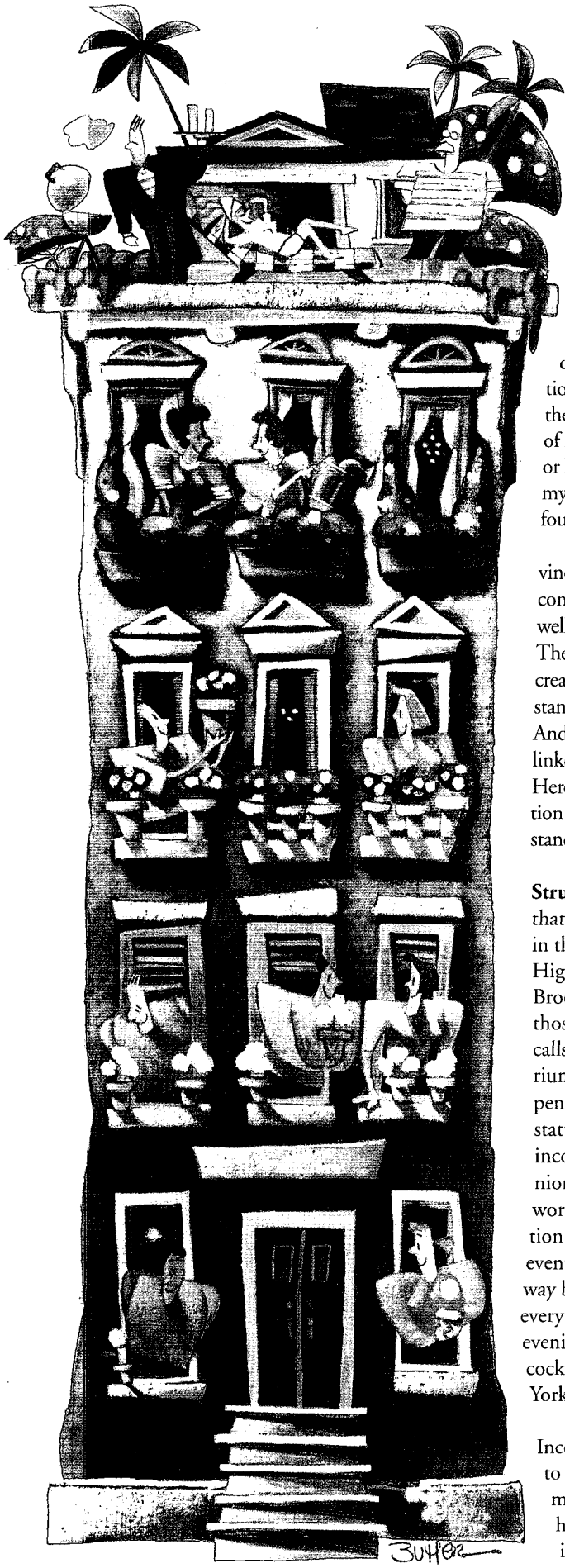

Illustration by Ralph Butler

> Inequality now has only moderately to do with income, and everything to do with culture, class, and behavior.

equal numbers, of welfare families and formerly urban professionals like me. I have checked my village's income distribution in the 1990 census and compared it with the way my neighbors live—what their houses are like, what they drive, where they go on vacation. And I have observed that the standard of living of many of my neighbors is easily as high or higher than that of many of my urban friends with three or four times the income.

How can that be? I am convinced that official income is becoming a fairly weak indicator of well-being in the United States. The more relevant divisions, increasingly, come in the areas of standard of living and status. And, more and more, these are linked only loosely to income. Here is my current approximation of how income, status, and standard of living now play out:

The High-Income Struggler. Much of the top fifth that is supposedly doing so well in this country consists of the High-Income Struggler. David Brooks recently wrote about those who suffer from what he calls Status-Income Disequilibrium, or SID. SID is what happens when your professional status is much higher than your income. In one example, a senior editor of *Time* spends his work day deciding how the nation will think about the week's events, but goes home by subway because he can't afford cabs every day, then spends his evening trying to exterminate the cockroaches in his cramped New York apartment.

The population I call High-Income Struggler is not limited to people with SID. It refers more generally to people with high-but-hardly-stratospheric incomes who live in America's big cities. In 1992, being in the top fifth meant having a household income of $58,200 or more. A High-Income Struggler is well into this group. Let's say his family brought in $200,000 a year, all told. He lives in a fashionable part of town but is in hock up to his eyeballs because his apartment or house cost $500,000. But it is no mansion. In fact, it may be smaller and less comfortable than his parents' house back in Topeka—and Dad never made more than $40,000 in his best year.

Close to a half of the Struggler's income goes to federal, state, and city taxes, right off the top. A big chunk of what's left goes for the mortgage, and another big chunk pays for the kids' tuition or day care. The net result is that, despite appearances, the standard of living of many of America's elite is not particularly high. It is about as high as...

The Ordinary Working Stiff Who Doesn't Live Downtown in a Big City. Maybe he is a skilled blue-collar factory worker, a cop, a salesman, a high school teacher, a store manager. The family takes home something in the middle fifth of incomes (in 1992 that covered households earning from $24,300 to $38,000), or in the next-to-the-top group ($38,000 to $58,200). He may live in the sort of development springing up everywhere outside cities, with long rows of large though monotonously similar townhouses. Maybe he lives in an older neighborhood of detached houses in a small town or city.

If we are talking about *status*, he is definitely downscale: The High-Income Struggler eyes the Working Stiff's housing development from the Interstate and shudders at the idea of living there. But this is pure snobbery. The Working Stiff's house and yard may well be bigger than the High-Income Struggler's, and stocked with more amenities. If physical standard

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The High-Income Struggler eyes the Working Stiff's housing development from the Interstate and shudders at the idea of living there.

of living is the issue, it is difficult to find indicators of comfort or luxury that put the High-Income Struggler better off than the Working Stiff. Schools? One of the best-kept secrets about public schools is that, outside the major cities, they're often just fine, and the Working Stiff doesn't have to spend several thousand dollars per child of his after-tax income on annual tuition. Leisure time? Not only does the Working Stiff spend it doing things he enjoys, including travelling, eating out, and sports, but he actually has leisure time, which puts him one up on many High-Income Strugglers. The bottom line is that tens of millions of Americans in the second and third fifths of incomes have a higher standard of living than a large proportion of the Americans with incomes in the top fifth.

The Ordinary Working Stiff Who Does Live Downtown in a Big City. This guy has income in the middle or next-to-top fifth, but not much to show for it. He has an even more cramped apartment, in a less desirable neighborhood, than the High-Income Struggler. He pays high taxes, sends his children to lousy schools, and has little left over for anything but necessities. In status, he is respectable. In standard of living, he is close to poor.

The Closet Comfortable. Now we come to the lowest two fifths of the income distribution, about whom policy analysts, almost all of whom are in the top fifth, feel so embarrassed that it seems impossible for them to think straight. They know well that being in the top fifth is not all it's cracked up to be, but to acknowledge that many low-income people live a decent life seems too much of a let-them-eat-cake attitude.

Yet if you want to see what the standard of living is for a substantial portion of the bottom two fifths of incomes (in 1992, $24,300 or less), drive ten or 15 miles out from mid-town and mosey around any working-class neighborhood. You will find large neighborhoods given over to a generic kind of small home with a living room, kitchen, two bedrooms, one bath, and maybe a finished basement. The rooms are small, but the house is comfortably furnished, the small lawn is mowed, and the flower beds are tended.

The Closet Comfortable go on vacations, entertain, have cable TVs. Sometimes you'll see an RV in the driveway along with the car they drive to work. The TV shows they watch, the nature of their dinner parties, and the other ways they use their income and time are not what the higher-income populations would do, but once again beware of mixing *status* with *standard of living*. Measured in strict material terms, millions of people in the bottom two fifths—including some people with incomes that make them officially poor—live the modestly comfortable life I have described.

People with Enough Money Who Don't Know How to Spend It. Now we come to the class so embarrassing to the policy analysts that I have seen not a single technical article that attempts to systematically describe its characteristics: People who have money, but whose standard of living is terrible.

You find them in the worst neighborhoods of big cities, the ones with apartments where the rats scrounge among the stacks of old fast-food cartons, the plumbing regularly backs up, and the drywall has holes kicked in it. You find them in the country, in houses with peeling paint and lawns littered with old cars. If you want evidence such a population exists, compare the surveys of income in low-income neighborhoods with surveys of actual spending in those same neighborhoods. Expenditures exceed reported income by startling amounts. Study the reports of the massive amount of underground cash income from drugs and crime in poor neighborhoods. If you want visual evidence, stand at the entrance to the local school and count the number of $100 sneakers and $300 jackets on the kids going past.

Clothes and cars may signal the availability of income, but the other amenities of life for such families—from living space to schools to personal safety to nutrition—can be awful. Some of these problems are beyond the family's control. Others are caused by poor spending habits or personal behaviors that degrade the standard of living. As a result, many people whose incomes could make them Closet Comfortable or solid middle-class instead live lives that are authentically impoverished, though dotted by random accouterments of wealth.

The groups I've discussed above make a mockery of many assumed connections between income and standard of living. But of course there are other groups that accord with the traditional assumptions. These include **The Truly Rich,** who spend hundreds of thousands of dollars a year on whatever they desire, and represent less than one percent of the population. There are **The Truly Prosperous,** who earn around six figures per year, placing them well into the top fifth, yet don't live in large cities. Their standard of living fits the popular image of affluent people in the top fifth. And of course there are **The Truly Poor,** who have incomes in one of the bottom two fifths, do not enjoy the low expenses associated with small-town living or owning a paid-for house, and who have a marginal standard of living or worse.

Put all these groups together, and you can see how difficult it is to rank people by standard of living. The Truly Rich live in their own world, standard-of-living-wise, but just below them, a mix of the Truly Prosperous, some High-Income Strugglers, some of the Working Stiffs (especially those in small towns and rural areas), and some of the Closet Comfortable (especially among the elderly) live pretty similar material lives despite their sharply different incomes. The confusion continues at the bottom of the ladder, where large numbers of People with Enough Money Who Don't Know How to Spend It share the most degraded standards of living with The Truly Poor.

If anyone ever figures out how many people are in each of these groups, it will revolutionize the way we think about affluence, about poverty, and about the real inequality in American society—an inequality that has only moderately to do with income, and everything to do with culture, class, and behavior.

Charles Murray is the American Enterprise Institute's Bradley Fellow.

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A New Path Out of Poverty?

A Close Look at Mississippi's "Faith and Families" Program

by Amy L. Sherman

In October 1994, Mississippi Republican Governor Kirk Fordice unveiled a bold "Faith and Families" initiative to transfer certain welfare responsibilities in his state from government to churches and civic institutions. The program aims to link each of Mississippi's 5,000 churches with welfare families. The adopting churches are to provide emotional support, moral guidance, "life skills" training, transportation, and help finding employment, so that the recipient can exit public assistance.

This unique effort has received generous coverage from the media, with CBS, CNN, the *New York Times*, the *Washington Post* and other outlets reporting variously that 165 churches were "actively involved" within the first year; that 175 churches had adopted 75 families; that 152 churches are mentoring 89 families. But these reports are inaccurate.

I recently spent a week in Mississippi investigating "Faith and Families." During that time I managed, to my own great surprise, to investigate fully half of the program's active churches. The reason: A year and a half into this experiment, only 13 institutions are involved in face-to-face relationships with "adopted" families.

Yet, despite this tiny response that is so much at odds with the political promises and media reports, I did not come back from Mississippi discouraged. Quite the contrary. And the pages that follow explain why.

Officials at Mississippi's state welfare agency, the Department of Human Services (DHS), pride themselves on the simplicity of the Faith and Families concept. But even simple ideas can be laborious to implement. Weak administration is the most immediately recognizable, and reparable, of the program's difficulties. From the outset, only two part-time workers have consistently staffed the program. Ronald Moore, an African-American pastor who oversees a pair of Baptist churches, is the field coordinator for Faith and Families. Margaret Luckett, a harried but pleasant DHS official, earmarks half of her time to the program. Additional coordinators are now on their way.

A second obstruction to progress by Faith and Families is bureaucratic suspicion. "The thing that scares people the most within the bureaucracy is: 'What if it works? Then I'll be out of a job!'" reports DHS official Larry Temple. "Faith and Families is going in a totally opposite direction than what this agency has been all about. We've been about getting out the [welfare] check—how fast, how many. And Faith and Families asks, 'Why are we sending out checks? Let's fix it so we don't have to send them out any more.'" Government social workers, the principal front-line contacts with AFDC recipients, aren't actively sabotaging the initiative, but some are unsupportive and perfunctorily pass along to clients (who must volunteer for the program) only the barest information about it.

The third and most serious obstacle to Faith and Families is suspicion on the part of prospective beneficiaries. Some AFDC recipients, used to the checks that come without demands, fear that joining the program means the church will "have control over my life." Luckett and other program backers say they hope to combat this with more public information.

Faith and Families has had more success in recruiting churches than in enrolling clients, but here too the numbers have been disappointing. As of early March, only 207 churches—fewer than 5 percent of the state's total—had signed on. Reverend Moore cites three main hurdles to increasing church involvement. First, since the initiative was launched during an election year, some churches initially thought it was a political stunt that would fizzle out. It wasn't and it hasn't. Even churches that oppose Fordice's Republicanism are now grasping this. Second, DHS's introduction of the program left the erroneous impression that participating churches would assume financial responsibility for adopted families. In fact, enrolled clients continue to receive AFDC, Food Stamps, housing benefits, and Medicaid. Third, "some in the church community felt that they weren't brought into the process on the ground floor," according to Moore. He agrees, and says he's counseled interested policy-makers outside the state to avoid Mississippi's mistake in this area. But he's confident that a dialogue can fix this problem. State officials are receptive to suggestions; they emphasize that Faith and Families is a novel program, and that welfare administrators are learning as they go.

Along Interstate 55 my blue rented Chevy glides past billboards advertising 3-for-$12 T-shirts. An exit and 15 miles of flatland later I keep my appointment with Reverend Juanita Booker of the Bennett Chapel Full Gospel United Methodist Church, located in the delta's impoverished Carroll

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County. Booker first met her Faith and Families' adoptee, Denise Thomas, in the spring of 1995. Thomas, a 27-year-old mother of three, was a "rowdy street lady," says Booker. "She was on a 12-year probation for attempted murder. She'd been shot, abused, raped, and left for dead." Shaking her head, Booker continues: "She'd been a drug user and a drinker. She'd come from a dysfunctional family, and she wasn't much of a mother. When I saw her through my physical eyes, she was a pitiful person. But through my spiritual eyes, I saw one of God's children who needed some guidance."

> **The thing that scares people the most within the bureaucracy is: "What if it works? Then I'll be out of a job."**

Thomas had come to Bennett Chapel for free food and was stunned to find a woman minister there. Something about Booker attracted her, and she returned the following Sunday to worship with the tiny congregation. Within a few weeks, Thomas was regularly attending church; it made her "feel happy" for the first time in her life. Booker began contacting Thomas almost daily.

Even before Booker and Thomas were matched through Faith and Families, Thomas adopted the middle-aged preacher as her mother. When Thomas's case manager told her about Faith and Families several months ago, "officially" matching Thomas and Booker was an obvious step. Thomas started working part time at Bennett Chapel. But this, while important, was the least significant of the changes produced by her relationship with Booker.

Just as the designers of Faith and Families hoped, the friendship has transformed Thomas's character. This "street lady" who had always dressed in tight shorts and skimpy T-shirts walked confidently into Booker's home for our interview in a tailored blue and green dress, hair carefully styled, burgundy lipstick enhancing the ready smile she flashed at Booker throughout our conversation.

"My life wasn't going too far," Thomas admitted to me. "Before I met Pastor Booker, I was just a lady out there that didn't care about nothing. I used to have a nasty attitude. Pastor Booker taught me how to treat people nice. She taught me how to carry myself—because I didn't even know how to dress! And she taught me that fornication was a big sin. So I went and got married" (to the boyfriend she'd been living with).

"I act different now," Thomas continues. "People see me and they say, 'Denise, is that you?' And I say, 'Yeah, this is the *new* me." Thomas's transformation has affected her children, too. She used to dump them off with anyone she could find and spend the weekend "at the jughouse." Now she spends more time with her two sons and her daughter, brings them to church, visits their schools, and pays attention to their grades.

"What I really needed in life was a role model," Thomas explains. "And I didn't have one until I met Pastor Booker. Now I got a momma. And when I get out of place, she puts me back in my place."

Thomas's willingness to accept Booker's moral authority—and the beneficial transformation she's experienced by practicing a new way of life—echo sentiments I heard from another Faith and Families participant. Jennifer Lockett was "adopted" six months ago by Covenant Presbyterian Church in Greenville, a small city of 47,000. Like Reverend Booker, Covenant's pastor Jim Holland has invested enormous personal time in the relationship. Lockett and the church's two other adoptees attend weekly luncheon meetings at Covenant, where they discuss everything from résumé preparation to child-rearing.

"Reverend Holland has given us the get-up-and-go," Lockett declares enthusiastically. "We have better attitudes." Holland won credibility in the ladies' eyes by transporting them to job interviews, being available to talk by phone at all hours, and helping two of the women enroll in a certified nurse's assistant program.

"I want my children to see mom doing right," Lockett stresses. "I don't want them to come back and say, 'Momma, you fussin' at me about this, but everything I'm doing, I'm doing because you're doing it.' I want them to be able to say 'My momma raised me well.'"

Reverend Holland volunteered for the program because "philosophically and theologically" he agreed with Fordice that the welfare system failed to address the spiritual needs of people. Faith and Families, on the other hand, deals not just with symptoms but with causes. "I don't care how competent you are or how much education you have," Holland says. "If you can't delay gratification, persevere, be punctual and honest, then all your skills mean nothing."

Moral guidance was central in both Booker and Holland's friendships with their adopted families. Nevertheless, the two ministers also addressed employment concerns. They've discovered that locating appropriate jobs can be tough. So, in isolated and job-scarce Carroll County, Booker dreams of establishing a for-profit evening and weekend childcare center staffed by Faith and Families' adoptees.

Participating churches in urban Jackson have had an easier time placing their adoptees into jobs. Stronger Hope Baptist Church has helped five of its adoptees secure full-time employment. With Stronger Hope's help, Ronda Aldridge went from a waitressing job paying $2.15 an hour to a salaried social work position earning $23,000. Aldridge, who had been pursuing her college degree before volunteering to participate in Faith and Families, says "I'd already done the hard part; I just needed a little push."

Of course, adoptees with less education have to accept lower-paying jobs. But just getting welfare recipients into the workforce at all is a big step toward financial independence. Stronger Hope helped 21-year-old Krystal Kelly get a $4.25/hour job at a local supermarket. Kelly is convinced that the church really wants to help her be successful. By contrast, she says, "nine times out of ten government social workers acted like they didn't want to be bothered."

While the personal attention that churches provide welfare recipients is the foundation of Faith and Families, not all congregations know how to conduct charitable outreach that builds character through relationships. Many

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churches just duplicate the government's approach to welfare by providing food, clothing, and cash to needy people, with little personal interaction or follow-up. Thanks to their Faith and Families experience, though, some churches that previously followed the conventional "give 'em stuff" approach to mercy ministry are shifting to a new, far more effective strategy built on personal involvement.

The experience of Crossgates Baptist Church in suburban Brandon is an example of how Faith and Families is changing not only welfare recipients, but also the church folks who want to help them. Crossgates joined the program early on, adopting two clients: Frances White, an African-American mother of three, and Joyce Smith, a white mother of five. According to former associate pastor Mike Harland, the 2,000-member, white, middle-class congregation at Crossgates had already begun to shift from impersonal, government-style giving to "relational ministries" even before signing on to the governor's program. But the church's positive experience with Frances White confirmed they were headed in the right direction.

Associate pastor Harland, a laywoman named Faye Lucius, and a deacon named Ken Box teamed up to support White. She had been in a car accident that hospitalized her and cost her her vehicle and her job. Though enrolled in college, White had no way to get to class after the accident, not enough money to cover her rent and utility bills, no phone, and no working refrigerator. She was willing to work, but emotionally drained and financially straitened. "All the things I'd been trying to do were falling apart in front of me," White recalls with tears in her eyes. Within a few days of "adopting" her, Crossgates found her a working refrigerator, paid some of her bills, got her phone back on, and repaired her car.

While this material assistance was extremely helpful, the emotional support Crossgates's volunteers provided was what really gave White hope. "In the welfare system, you are more or less a number," she says. "When you call in, it's 'What's your case number?' When Ken or Mike or Faye call me, they call me by my name. I get a hug or a handshake."

White returned to school and, through a Crossgates contact, secured a full-time position in the medical records department of a local hospital. Church members rejoice in White's success—and in the ways the relationship has affected them. "Too often we are guilty of wanting to give money or clothes because that's the easy thing," Lucius comments. "When you really get involved with someone personally, that expands your thinking." Lucius is thankful that her two children have had the opportunity to befriend White's. Lucius's parents had believed in Mississippi's "separate but equal" doctrine, and Lucius argues that her generation—and her children's—must tear down the dividing wall of race. Moreover, Lucius believes that Crossgates's experience with Faith and Families has helped church leaders recognize they can make a bigger difference in people's lives by walking alongside them than by just throwing money at them.

Because of its growing appreciation of relational ministry, Crossgates grieves over its failure to help Joyce Smith. Smith, unlike White, kept church members at a distance. She accepted the monthly financial support the church provided to her destitute family but never allowed Arnold Jackson and Dan Taylor, the men who'd volunteered to help her, to become her friends. The two men were dismayed when they learned Smith had dropped out of the GED program she'd been attending. Taylor tried to encourage her to stick with the program, but didn't explicitly make the church's continuing aid contingent on her doing so. Now he thinks perhaps he should have. Jackson is frustrated that Faith and Families staff provided so little guidance; for a full year DHS never checked with the church on how things were going with Smith.

> **"I act different now," Thomas continues. "People see me and they say, 'Denise, is that you?' And I say, 'Yeah, this is the new me.'"**

In the Smith case, church members wanted to build a relationship but were inexperienced. Other Faith and Families congregations are similarly "feeling their way through." Cade Chapel Baptist Church, for instance, a large African-American congregation in inner-city Jackson, is currently working with three Faith and Families clients. One, Cynthia Hollins, lives a short drive from the church. She and her three kids share a cramped, subsidized garden apartment. I spoke with Hollins just after interviewing Hank Anderson, Cade Chapel's principal Faith and Families volunteer, and was struck by the "disconnect" between the two.

In this instance, it's Hollins who wants more personal contact and feels that the church is letting her down. "How can I put this," says Hollins, struggling for words. "Like, I'm 'adopted,' right? Me and my family. But...what are they doing? I haven't seen them." Hollins is quick to express appreciation for the church's offer to help her find employment. She calls the church people "sweet" and says it "feels good" that they're trying to help her. But she also complains that they haven't lined up any job interviews yet. And, she says, "They adopted me *and* my children. But they haven't even met my children." She wants the church to provide her sons a "big brother" and offer them tutoring. But she admits that she hasn't actually asked for this: "I just sit back and wait for them to call me."

Earlier, Hank Anderson described to me the plethora of services Cade Chapel is willing and able to share with its adoptees if they or their children need them: counseling, transportation, tutoring, job-training classes. He reports that he's typically in contact with the adoptees twice a month, that he's been actively seeking job interviews for them, and that, as far as he knows, none of them are having any problems with their kids.

"We want to be there for them," Anderson emphasizes. "Whatever they need, we'll try to do it." But he is concerned about taking too much initiative and being "overbearing." Anderson's not worried that the families will be reluctant to seek assistance: "These families will ask for anything." Indeed, he thinks Faith and Families staff could do a better job educating clients on what they should and should not expect from their "adopting" churches.

Clearly, this "disconnect" results primarily from a lack of communication between Cade Chapel, Faith and Families, and Hollins, a situation that could be rectified with a few phone calls.

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It is also rooted in the novelty of the "adoptee" relationship. When Cade's pastor first met with Faith and Families' Reverend Moore, he noted that his church was already working with poor families. "But what he didn't realize," Moore argues, "was that he was supporting the current welfare system: he was simply giving donations, turning on lights and water, buying food and clothing. [The church] wasn't finding out the total needs of the families and then helping them become responsible and accountable." That involves greater one-on-one-interaction and a willingness to risk being perceived as "overbearing." Faith and Families, says Moore, must teach would-be helpers to approach families "from the standpoint of, 'What can I do for you to help you do for yourself?'"

Faith and Families is not only encouraging the poor to become self-sufficient and helping churches like Cade Chapel and Crossgates Baptist reform their methods of benevolence. It has also begun to reinvigorate civic connectedness. The friendship between an AFDC recipient and a church member—I'll call them Tamia and Ellen—illustrates this.

Tamia was on welfare, living with an abusive boyfriend, and struggling through her GED course, when she volunteered for Faith and Families. An emotional wreck with no family support, she was adopted by a church and linked with Ellen, a retired school teacher. "Ellen talked with Tamia and helped her work through many of her emotional problems," explains DHS staffer Kim Turberville. "She was like a caring aunt." As the friendship grew, Tamia severed the abusive relationship, sailed through her high school equivalency program, and, with some help from Ellen, learned enough about various financial aid programs to enroll in community college.

Meanwhile, Ellen was introduced to the "other side" of Jackson. When one of Tamia's aged neighbors needed eyeglasses, Ellen called Turberville to learn whether there was a community program that might help. There was. "So the church became interested in that program," recalls Turberville, her speech quickening with excitement, "and then church members started supporting it with their money and their volunteer time." What started out as a single friendship became a bridge between Ellen's church and Tamia's neighborhood. This is the key, Turberville argues, to changing the prevailing "it's *their* problem, not *my* problem" attitude.

The same kind of bridge-building is happening between Christ United Methodist Church and North Midtown, another poor neighborhood in Jackson. Christ Church, a conservative, upper-middle-class, white congregation of 4,200 members, agreed to help build several Habitat for Humanity homes in Midtown, and urged their black janitor, Earl Owens, to apply for one of them. As a result, Owens recently moved his wife and three kids from their one-bedroom apartment to a new three-bedroom house. Excitement over this success raised Christ Church's interest in urban ministry, and now the church has added a black minister to its previously all-white staff to spearhead an outreach effort in Midtown. Owens says the church has gained credibility with Midtown residents because congregants have "come into the neighborhood and gotten eyeball to eyeball with the people."

Long-time resident Dorothy Davis credits the church with reinvigorating the community's dormant neighborhood association and reports that 50 kids and a dozen adults are involved in various programs put on by church volunteers in an apartment the church has rented in the neighborhood. The church's Bible study and parenting classes have "given residents a place to come together," Davis and Owens say. And a new sense of hope, plus the Habitat for Humanity homeowners, are driving out the drug dealers. "For many years, nobody on these streets gave their kids bikes, because we couldn't let them ride them here," Davis grins. "Guess what I bought my children for Christmas this year? Bikes!"

Sixteen centuries ago, the Church Father Gregory of Nyssa taught that "mercy is a voluntary sorrow that joins itself to the suffering of another." Ministry to the disadvantaged requires this personal engagement. The genius of Faith and Families is that it is built on recognition of this essential reality. Only by the tangi-

Doers of Good Beware: Unconditional Aid Can Injure

Charity expert Marvin Olasky suggests that if the Biblical parable of the prodigal son took place in a modern welfare state, it might have a rather different moral:

"A young man set off for a distant country and there squandered his wealth in wild living. After he had spent everything, he was in need, and so took a job feeding pigs. The work was miserable, and the man visualized an alternative; 'I will go back to my father and say to him: "Father, I have sinned." He was about to return home when an official from Beds for the Homeless saw him and convinced him to spend the night. The shelter offered free food, housing, clothing, and medicine, and did not require any work in return. The prodigal son stayed on, and grew accustomed to panhandling in the morning, drinking fortified wine and smoking joints in the afternoon, and then eating and watching movies at the shelter in the evening. Meanwhile, the father sat on his porch every afternoon, hoping to see his prodigal son trudge home. Day after day the father yearned for the opportunity to hug him and prepare a feast of forgiveness and celebration. But the son never came."

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ble act of sharing another's sufferings can moral authority and discipline be exercised and accepted as legitimate. Genuine mercy is not a vague "I feel your pain." Nor is it a willingness to join the sort of disembodied, universal "village" promoted by Hillary Clinton. These erroneous definitions barely move us past our current, sterile practice of discharging our civic duties by writing a check each April 15, with considerable grumbling.

What is needed to overcome the economic isolation and moral decay of today's underclass, one Jackson pastor argues, is a return to the Biblical vision of Romans 15:1—"We then who are strong ought to bear the infirmities of the weak, and not to please ourselves." This is what Ellen, Reverend Holland, and Pastor Booker have done.

Churches that embrace the relational ministry encouraged by Faith and Families deepen their own obedience to Scripture. They stimulate profound changes in the lives of needy people they help. And, over time, they also transform themselves and help reconnect long-separated communities in own hometowns. This is the sort of welfare reform that is desperately needed today within our religious institutions, in our state capitals, and, one hopes some day, from Washington.

Amy L. Sherman is a visiting fellow at the Ethics and Public Policy Center and author of a forthcoming book on church-based ministry among the poor.

Don't Privatize the Nanny State Mentality

John P. Walters, president of the New Citizenship Project, waves a caution flag on the road to privatized welfare assistance:

In an attempt to be compassionate while decrying big government, some conservatives today are substituting an omnipotent vision of a doting civil society. This vision—based on the assumption that reducing the welfare state will require all of us to become social workers tending to the needs of strangers—is a fundamental distortion of the principles of genuine conservative reform.

Shutting down the nanny state by privatizing the nanny-state mentality will not end dependency. Substituting moral entitlement for the current system of legal entitlement will not restore individual responsibility. Because such reforms fail to challenge the culture of victimhood that lies at the core of the therapeutic worldview, they would bring scant improvement to the lives of helper or helped.

Traditional conservatism assumes that the citizen himself is the first guarantor of personal and familial well-being; the welfare administrator—whether public or private—is the provider of last resort. This view goes hand-in-hand with true citizenship. It does not call forth utopian universalism, social worker mumbo-jumbo, or a desire to find "common ground" with activists seeking to expand government. It argues that individuals will wield greater control over, and responsibility for, their own lives precisely when government control is reduced.

Conservatives should focus on the institutional changes that will get the bloated nanny state out of the way. They should aim to replace its bankrupt moral principles. Such reform requires a new division of labor based on traditional constitutional principles that delineate the limited responsibilities that belong to government, and the broader ones that belong to free citizens and non-government institutions. This must be accompanied by a devolution of taxing and spending authority. Welfare block grants that turn the federal government into a tax collector for state and local welfare agencies are not a serious institutional reform. Only by deeply cutting government and taxes can citizenship be enhanced and the vitality of civil society renewed.

Morally, welfare reform must restore both self-reliance and a moderate stigma for dependency. Our goal must be more than simply producing a less expensive welfare delivery system. We must aim to reduce dependency itself. Every citizen cannot be expected to be every other citizen's "keeper." And conservatives do themselves a disservice by promising near-utopian solutions from a private civil society. Restoring responsibility to citizens and local communities and breaking the bureaucratic state's lowest-common-denominator premise of entitlement will bring many pleasing cultural improvements. But individual paths will vary, and circumstances will not everywhere be happy.

There is a great danger that the current conservative reform agenda will become lost in a fog of sentimental rhetoric in the year ahead—as shown by President Clinton's crafty and largely successful recent efforts to steal the outline of conservative ideas on welfare, education, crime, deregulation, and other subjects, only to suffocate them by burying them deep within the machinery of state bureaucracy. Unless we sharpen our debate, the distinctive meaning of conservative reform may be lost for a generation.

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Does Welfare Encourage

Seldom has social science produced economic and social statistics starker than those applying today to children born out of wedlock. The poverty rate for children in families headed by a never-married mother is *eight times* that of children in two-parent families. Youngsters from never-married families are far likelier to fail in school, to commit crimes, to be unhealthy, to be unemployed as adults, to become welfare cases.

In response to these grim figures, Republicans have proposed reductions in the welfare payments that are widely presumed to be feeding the post-1960s burst of illegitimacy (consider: seven out of ten black children are now born out of wedlock). The Republican welfare reform bill of 1995, twice vetoed by President Clinton, provided financial rewards for states that reduce their illegitimacy rates without increasing abortion, required the administration to formulate a plan for reducing illegitimacy, set up programs to induce teens to abstain from sex, required teen mothers to live at home, required states to design programs to curb illegitimacy, and prohibited states from using federal dollars to increase payments to unmarried mothers already on welfare if they have an additional baby. Remarkably, a majority of Senate Democrats supported most of these policies.

But the centerpiece and most controversial aspect of the new conservative anti-illegitimacy policy was the proposal to stop paying cash to unwed minor mothers. Instead of giving teen mothers cash to set up their own household, conservatives proposed, the teenager should stay in the home of her parents with the newborn, or she should be directed to a supervised group home, or the baby should be adopted into a loving family on an adoption waiting list. Trying to help poor children by giving their underage mothers cash will often simply produce more poor children, reformers argued. Wise societies don't reward births outside marriage in this way.

But of course liberals deny the supposition that financially rewarding illegitimacy increases its frequency. So the question was tested. Since the 1970s, more than 20 studies have been conducted to determine whether cash welfare is associated with increased rates of nonmarital births. As this literature accumulated, it turned out that nearly three-quarters of the studies found statistically significant evidence that welfare generosity was associ-

HOW WELL DOES WELFARE ACTUALLY PAY?

If you total up all cash payments plus the fair value of medical, food, and housing benefits available to welfare recipients, and then consider that welfare payments, unlike wages, are tax-free, it turns out that welfare "pays" quite well in most states (without making any job-like demands on its beneficiaries).

The data below, collected by the Cato Institute, show what a typical woman with two small children would have to earn at a full-time job in order to bring home as much as various state welfare departments can potentially give her in benefits.

In 29 states, welfare will pay more than the average starting salary for a secretary. In 47 states, welfare pays more than an average janitor earns. In six states, total welfare benefits exceed the entry-level salary for a computer programmer. In nine states they exceed the average first-year teacher's salary.

Perhaps this is why seven out of ten welfare recipients report they are not actively seeking work.

Hourly Wage Equivalent of Welfare

Hawaii	$ 17.50	Indiana	9.13
Alaska	15.48	Iowa	9.13
Massachusetts	14.66	New Mexico	8.94
Connecticut	14.23	Florida	8.75
District of Columbia	13.99	Idaho	8.65
New York	13.13	Oklahoma	8.51
New Jersey	12.74	Kansas	8.46
Rhode Island	12.55	North Dakota	8.46
California	11.59	Georgia	8.37
Virginia	11.11	Ohio	8.37
Maryland	10.96	South Dakota	8.32
New Hampshire	10.96	Louisiana	8.17
Maine	10.34	Kentucky	8.08
Colorado	10.05	North Carolina	8.08
Vermont	10.05	Montana	7.84
Minnesota	10.00	South Carolina	7.79
Washington	9.95	Nebraska	7.64
Nevada	9.71	West Virginia	7.31
Utah	9.57	Missouri	7.16
Michigan	9.47	Arizona	6.78
Pennsylvania	9.47	Tennessee	6.59
Illinois	9.33	Arkansas	6.35
Wisconsin	9.33	Alabama	6.25
Oregon	9.23	Mississippi	5.53
Wyoming	9.18		

Source: Michael Tanner, Stephen Moore, and David Hartman, "The Work vs. Welfare Trade-Off," Cato Institute. 1995 data.

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Illegitimacy?

THE CASE JUST CLOSED. THE ANSWER IS YES.

By Ron Haskins

ated with increased illegitimacy. But the evidence was not always strong, so for more than two decades academic social scientists, a very liberal group, dodged, explained away, and otherwise resisted this conclusion.

In June of 1994, a group of more than 70 prominent social scientists actually took the unusual step of releasing a signed statement at a Washington, D.C. press conference to "dispute the contention that welfare is [a] major cause of out-of-wedlock births." Organized by University of Michigan professor Sheldon Danziger, the group was reacting to rising intellectual and political sentiment in favor of curbing welfare payments to young mothers in an attempt to rein in the illegitimacy explosion.

In the midst of this academic fight, the National Academy of Sciences decided to sponsor some new research. A conference was held in Washington, D.C., in April of this year to discuss the resulting papers. The most remarkable one was written by professor Mark Rosenzweig of the University of Pennsylvania. Using data from the National Longitudinal Survey of Youth, he examined the marriage and fertility decisions of women ages 14 to 22, carefully factoring in such factors as intelligence, race, parents' schooling, number of siblings, parental earnings, and the level of local welfare benefits.

The results were unambiguous: Among all women, a small correlation exists between the level of welfare benefits and the probability of nonmarital childbearing. Among women in low-income families, the effect is large. In fact, Rosenzweig's equations show that among low-income women (under $10,000 annual income), a 10 percent rise in welfare benefits causes a 12 percent jump in illegitimate births.

Rosenzweig's study is both the most sophisticated yet conducted on this subject and the most damning on the welfare-illegitimacy link. To the extent that conflicts among social scientists can resemble sporting events, his recent oral summary of his study to a skeptical group of social scientists at the National Academy thus became a hot ticket. A flurry of arrows were launched in Rosenzweig's direction, but he was more than up to the task. In the end, Sara McLanahan, a well-respected scientist and signer of the 1994 Danziger letter, admonished the audience that Rosenzweig's work was first rate, that he made a solid presentation, and that all had better "pay attention" to his findings.

In an intellectually honest world, groups of welfare academics would now be signing letters and holding news conferences noting that "evidence is growing that welfare cuts may reduce out-of-wedlock birthrates." In the guarded language preferred by social scientists, that statement now reflects the best evidence available.

Of course, that is what the evidence has been saying since at least the late 1980s. Some day even the welfare intelligentsia may recognize that.

Ron Haskins, a staff director on the House Ways and Means Committee, participated in the National Academy of Sciences conference.

PUBLIC AND RECIPIENT VIEWS ON BAD WELFARE INCENTIVES

Neither the general public nor welfare recipients themselves have much doubt that welfare encourages illegitimacy, as well as other undesirable outcomes—as the following survey conducted in December shows.

	PERCENTAGE SAYING A "VERY SERIOUS" PROBLEM	
	General Public	Welfare Recipients
Welfare encourages teenagers to have children out of wedlock	60	64
Welfare is passed on from generation to generation, creating a permanent underclass	68	59
People abuse the system by staying on too long and not trying hard enough to get off	73	67
The system undermines the work ethic and encourages people to be lazy	57	62

Source: "The Values We Live By: What Americans Want from Welfare Reform," Public Agenda Foundation.

WELFARE CHILDREN

	% of the population under age 18 on AFDC today	% on AFDC within this year
New York	30	39
Los Angeles	29	38
Chicago	36	46
Detroit	50	67
Philadelphia	44	57
San Diego	23	30
Houston	18	22
Phoenix	15	18
San Antonio	14	21
Dallas	16	20

Source: Estimates from U.S. Department of Health and Human Services.

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A SELF-HELP SOLUTION TO FIGHT URBAN POVERTY

A quarter-century ago I began a project studying ethnic enterprises in America. I wanted to explain why Chinese and Japanese immigrants who arrived in America between 1900-1940 had quickly achieved rates of self-employment as high as native whites. I discovered that a vital institution in helping many Asians become entrepreneurs was the informal lending circle—in which friends, family members, or neighbors would band together in small groups and pool their savings each month so that one member could take home a kitty large enough to start a business, or put a downpayment on a house, or make some other productive investment. These small lending clubs (which sociologists now call rotating savings and credit associations, or "ROSCAs") contributed to the founding of many small businesses, and that helped previously low-income immigrants move rapidly up the income ladder.

BY IVAN LIGHT

In the beginning, I thought ROSCAs were strictly a historical subject. Neither I nor my colleagues imagined that these informal, trust-based organizations, which had originally evolved in rural villages in Third World countries, could thrive in advanced urban economies. The established wisdom of the day was that ROSCAs were a "middle rung" in development that disappeared when advanced banking and lending systems were established. Imagine my surprise, then, when I first discovered that Korean immigrants in downtown Los Angeles were enthusiastic and energetic ROSCA users, and that some of these associations contained up to a million dollars in capital.

The next stage for me, which I have now begun, was to go beyond documentation and scholarship and to turn to advocacy. For my research has convinced me that ROSCAs are an extremely useful financial tool that could be used by non-immigrant poor Americans to improve their lot just as recent immigrants have. If poor inner-city Americans would start up ROSCAs of their own, they would find it much easier to save, to buy homes, to become financially literate, and to start businesses. By learning from, in fact copying, the lessons of immigrant entrepreneurialism, inner-city people could alleviate our "urban poverty crisis" in a way that 30 years of government programs have failed to accomplish.

Saving and credit associations have existed in other nations for generations. The Korean *kye*, the Chinese *hui*, the Mexican *tanda*, and the Vietnamese *ho* are all examples. The most common type has about 15 members (carefully chosen by the organizer to make sure they are harmonious and feel bound to honor their promises to each other), and each member is expected to contribute $500 at every monthly meeting. This provides a monthly capital pool of $7,500. At the first meeting, a hat-drawing or other lottery decides which of the 15 members will get to take the fund home. At the second meeting, the remaining 14 members hold a drawing for the $7,500. By the 15th meeting, every member will have taken home the $7,500. In practice, this means fourteen out of the 15 ROSCA members will have received an interest-free loan.

Though random-order ROSCAs seem superficially similar to lotteries, they are

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not really lotteries because ROSCA members ultimately receive all the money they invest. The true value of a lottery ticket is much less than what the ticket costs. If a lottery sells 100,000 $2 tickets for a Chevrolet minivan worth $15,000, then each ticket has an expected value of 15 cents and an average buyer loses $1.85 on each ticket purchased. In contrast, a random-order ROSCA returns one dollar for every dollar invested. Moreover, while the chance that a ticket-buyer will win the Chevrolet is 00001 percent, the probability of "winning" the ROSCA kitty is 100 percent. Although ROSCA funds are sometimes awarded randomly, even these are not lotteries.

There are two other forms of ROSCAs that have no randomness at all. In "agreement ROSCAs," groups of friends decide the order of appropriation by discussion and mutual agreement—based on such criteria as who needs the money most, who has the most potentially lucrative place to invest it, who got it late in the cycle last time, who told the funniest joke, or whatever else they please.

"Bidding ROSCAs" are more complicated. In this form of ROSCA, a member accepts a lower contribution from each member in return for being able to take the kitty home right away. In this way, she (women tend to be the most active ROSCA members) effectively offers her fellow participants interest on their loan. Those who want their loan at less interest or no interest simply wait longer to get it.

ROSCAs are heavily used by many immigrant groups. The *Korea Times* reported in the mid-1980s that the Korean community of Los Angeles supported one *kye* for every 80 Koreans living in the city. My own research among L.A.'s Korean entrepreneurs found that 70 percent had taken part in a *kye* since they arrived in the United States,

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while about a third were current *kye* participants. The respondents also said they participated in *kyes* more extensively in the United States than they had in Korea.

In principle, ROSCA members could individually save $500 a month in insured savings accounts, borrowing from banks as needed. Why do participants take part in ROSCAs instead, knowing that a member could die, lose her job or health, skip town, or otherwise cheat? Many reasons. One is the accessibility and speed of ROSCAs. No waiting for an underwriter to approve your loan. Another reason is that many immigrants lack the credit histories that official lenders require. People who would be turned away by professional bankers can get instant funding from ROSCAs. Moreover, this credit, unlike that provided by a bank, requires no collateral.

Of course ROSCA participants are savers before they are borrowers, and here too ROSCAs have several advantages over banks. First, ROSCA users reach their capital target sooner. Someone who saves $100 a month in a bank will take a full year to accumulate $1,200. A $100-a-month ROSCA will deliver that amount much sooner for most participants.

Moreover, ROSCA membership imposes a savings discipline that banks cannot easily match. It's easy to skip a monthly savings deposit, but once a person joins a ROSCA, she will come under heavy social pressure from her group if she tries to skip a monthly payment. The relentless peer pressure to be economical and save that is imposed on ROSCA members is similar to what Weight Watchers does for dieters. If ROSCA members ever default on their obligation, they are subject to scorn by people they know and care about, and who are in a position to punish them for their failures. This unrelenting oversight strengthens one's resolution to complete a difficult task, and results in very high savings rates.

ROSCAs are also educational institutions. Members discuss with each other what they plan to do with their kitty. If a member is planning to buy a refrigerator with her money, the whole group will discuss which brand to buy and where to buy it. In contrast, a bank just keeps their money without teaching customers how best to use it. Finally, ROSCAs are friendly organizations whose members share meals and conversation. They are much more fun than the cool "have a nice day" a customer might get from a bank teller.

Since ROSCAs have proven to be remarkably effective at improving the economic welfare of low-income groups, our laws and public policies ought to encourage them. But just the opposite occurs. In 1993, Jung-Hie Park, a Korean immigrant living in Los Angeles, turned to the California judicial system for help as he sought to collect $50,000 owed

©Tony Stone Images/Steven Peters

to his *kye*. But Superior Court Judge Edward M. Ross ruled that Park's *kye* was an "illegal lottery" whose debts could not be collected in a California court. Although Ross's decision may be overturned, it is currently the law in California. As a result, *kye* participants have no legal standing and must rely entirely upon their informal social relationships with no possibility of help from the courts in the case of a default by a member. If Judge Ross's decision spreads to other states, the result will enfeeble multitudes of Asian, Central American, and Caribbean immigrants in Amer-

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ica who use rotating credit and savings associations to enhance their economic mobility. And there will be little hope of introducing new ethnic groups like poor whites or African Americans to the practice as an anti-poverty strategy.

As we've seen, ROSCAs are not illegal lotteries at all, but rather highly useful informal institutions. Rather than undermining them, American jurists should be trying to extend to them the protections of the law. Three simple legal measures would help ROSCAs thrive. First, legal research needs to be done on how ROSCAs can be fitted into existing law. It might be demonstrated, for instance, that ROSCAs are a kind of trust, and entitled to the legal form thereof. In a formalized ROSCA trust, the organizer would administer the fund for the benefit of the contributors, imposing the requirement of monthly distribution upon the participants, keeping track of accounts, and dissolving the assets of the trust at the last meeting. Assets of the trust could even be stored in a bank account. Simple, blank legal forms could be created for ROSCA participants to fill in and get notarized. That minor step could create an obligation that would give ROSCAs standing under existing law, thus strengthening the ability of ROSCA participants to collect debts.

Aside from these legal steps, some legislation might be in order. States could license ROSCA organizers, requiring them to attend a four-hour training session once every three years. Once licensed, organizers could buy insurance for the ROSCAs they created. By reducing the risk of default, these two reforms would make ROSCAs more attractive to savers unused to the notion of lending on an honor system.

Ideally, I would propose creation of a two-tier ROSCA system. An insured tier would be operated by licensed organizers who would collect and report interest and perform all transactions on valid legal forms. This tier would be less profitable, less informal, and more secure than the second, informal tier—which would operate without insurance, licenses, tax deductions, or paperwork, but would use valid legal forms. Either tier's debts would be fully enforceable in American courts. Though the informal tier might sometimes loan money at rates higher than federal usury maximums, this kind of unregulated activity should in my judgment be officially tolerated. Prosecuting unlicensed ROSCAs will only drive users to loansharks, a most destructive alternative.

Could native-born Americans actually be encouraged to create ROSCAs? Some observers argue that few Americans have the social cohesion (as immigrants do) that is ultimately necessary to make ROSCAs run well. It's certainly true that the level of social cohesion in the United States is low, but ROSCAs could be part of an effort to raise this level. ROSCAs should not be launched among individuals who trust no one and whom no one trusts. They should be created first by churches and existing social clubs whose level of cohesion is already high.

IT'S CERTAINLY TRUE THAT THE LEVEL OF SOCIAL COHESION IN THE UNITED STATES IS VERY LOW, BUT ROSCAS COULD BE PART OF AN EFFORT TO INCREASE THIS.

Associations somewhat similar to ROSCAs already exist in some poor communities. Monthly savings clubs involving six to 25 individuals, usually women, have been organized in homeless shelters, public housing projects, and among Head Start parents, operating to pool contributions in a single bank account. Most of these clubs are microenterprise programs that provide loans for small business use. Poor women pay into them monthly and can immediately obtain credit in emergencies. If no emergency arises, the fund grows and is used to provide loans to very small member-launched businesses.

Like ROSCAs, savings clubs have a foreign origin—they are an adaptation of the so-called Grameen Bank that has had so much success in Bangladesh. This bank was created in 1976 and by 1990 it had over 690,000 contributing members who would make deposits and then use small loans to found businesses. According to the Corporation for Enterprise Development, there are 23 Grameen-style savings clubs in the United States. The odds against these clubs succeeding are certainly worse than the odds against ROSCAs. Savings clubs are meant for the desperately poor. ROSCAs exclude the unemployed, since their members must have reliable incomes from which to make monthly payments. Grameen-model banking also links participants who have no prior connection or motive to trust one another. Savings clubs aim to work *despite* the mistrust participants bring to club meetings, while ROSCAs are effective specifically because of the prior social ties and connections among members.

With Grameen-model banking already having successfully rooted in a small way among the poor of this country, ROSCAs have a realistic chance of taking hold among the native-born poor, if they are adequately protected and encouraged. Working-class and middle-class Americans have even better chances to use them to improve their standard of living and upward mobility, particularly by launching small entrepreneurial ventures with them.

ROSCAs form spontaneously in communities that have the requisite knowledge of their operation plus a measure of social trust. Unfortunately, participants working for economic growth in this way are currently pitted against a legal system that undermines ROSCAs because it does not understand them. In such a way, our government actually impedes the efforts of people to help themselves. Through a few simple and inexpensive legal and legislative steps, the government could at least get out of the way of ROSCAs and align itself in support of immigrant self-help.

But why stop there? If ROSCAs were to spread to the poor non-immigrant populations of our inner-cities, their potential benefits would be immense. Before we countenance more grandiose economic transfers, rebuilding subsidies, tax abatements, Small Business Administration programs, or whatever, we ought to make available to lower- and middle-class Americans this well-proven tool that can help them climb the income ladder by their own diligence, wits, and mutual cooperation.

Ivan Light is professor of sociology at UCLA and the author of Immigrant Entrepreneurs: Koreans in Los Angeles, *as well as* Race, Ethnicity, and Entrepreneurship in Urban America.

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AT A PUBLIC HEARING HELD RECENTLY BY THE JOINT ECONOMIC COMMITTEE OF THE U.S. CONGRESS, ENTREPRENEUR HERMAN CAIN DELIVERED AN INTERESTING ARGUMENT AGAINST THE MINIMUM-WAGE HIKE NOW WENDING ITS WAY THROUGH WASHINGTON, D.C. HE ARGUES IT IS A

Bad Solution for the Wrong Problem...

How Forcing up the Minimum Wage Hurts Those Who Need Help Most

My name is Herman Cain. I am President of Godfather's Pizza, Inc., a 525-unit pizza restaurant chain headquartered in Omaha, Nebraska. I am also President of the National Restaurant Association.

There are nearly 740,000 food service units in this country, including everything from fast-food chains to fine-dining restaurants. We are an industry dominated by small businesses, and we employ a diverse workforce of over nine million people. Our employees are white, African-American, Hispanic-American, Asian-American, and more. We expect to employ 12.5 million by the year 2005, with the fastest growth coming in the category of food service managers. More than 30 percent of Americans under age 35 had their first job in the restaurant industry. Restaurants offer an important boost into the job market for millions, as well as a clearly defined career path for those willing to work hard and stay in the business.

There are numerous reasons why I firmly believe a minimum-wage increase is attacking the wrong problem. Allow me to list the three reasons I believe to be most important.

First, mandated wage increases reduce entry-level job opportunities.

A few weeks ago, a colleague in Oregon told me about a homeless 17-year-old he hired in the mid-1980s. He gave the teenager a job chopping lettuce, deveining shrimp, and sweeping floors. That 17-year-old has worked his way up: He's now the executive chef at the restaurant. But the job that brought him into the business no longer exists. When Oregon raised its minimum wage a few years ago and the restaurant owner looked for ways to cut costs, this job was one of the first to go. Now, my colleague buys lettuce already chopped from a nearby automated facility.

It's a good example of the split personality of the minimum wage. When you make it more expensive to hire people who lack basic work skills and experience, you risk shutting them out of the workforce.

My second point: A minimum-wage increase jeopardizes existing jobs by threatening businesses that may be marginally profitable. In my case, for example, Godfather's Pizza, Inc., has nearly 150 company-owned and operated units, and a few of them are either marginally profitable or not profitable at all. If you raise costs for the many thousands of enterprises like these, you risk shutting their doors permanently.

When you're running a restaurant that's on the edge, you're scrutinizing

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Fact and Fiction on the Minimum Wage

Minimum-wage workers are the most vulnerable Americans, right?

- Actually, more adults who earn the minimum wage live in families with over $30,000 in annual income than live in families making under $10,000. Overall, 22 percent of minimum wage earners are poor. The majority of poor Americans don't work at all, at any wage.

Minimum-wage work is undignified.

- Fifty-five percent of minimum-wage workers are youths age 16-24. Many of these live with their parents. Only 2 percent of workers age 25 or older are paid the minimum wage.

You can't raise a family on the minimum wage.

- Few have to: 89 percent of all workers now making less than the proposed minimum have no spouse or child depending on them as sole breadwinner. Of these, 44 percent are single individuals living with their parents or other family member, 22 percent are single individuals living alone, and 23 percent have a spouse with a paying job.

Minimum-wage jobs are a dead end.

- Sixty-three percent of minimum-wage workers earn higher wages within 12 months. Seventy percent of the restaurant managers at McDonald's, plus a majority of the firm's middle and senior management, began in hourly positions. (This includes CEO Ed Rensi, who started at 85 cents an hour in 1965.)

Sources: U.S. Bureau of Labor Statistics; Employment Policy Foundation; *Wall Street Journal; Industrial Relations and Labor Review.*

every penny. Can ninety cents an hour put me under? It could. Maybe not by itself—but when labor accounts for about 30 percent of my expenses, second only to my food costs, a mandated wage increase is one more factor tipping the balance. A mandated wage increase triggers wage inflation by rippling up through the entire wage spectrum and by causing increases in payroll-related expenses like FICA taxes.

Some people would say "Just raise your prices. It doesn't work that way. In a competitive market, that's the fastest way to drive away customers with limited discretionary income. That can close a business fast.

My third point: A minimum-wage increase is an ineffective way to raise someone out of poverty. Most minimum-wage earners are part-time workers under age 25—mostly first-time workers, students, people holding down second jobs or supplementing the income of their household's primary earner. In my restaurants, for example, nine out of ten of my hourly employees choose to work less than 35 hours a week—even though full-time work is available. These are not the poor people policymakers most want to help. By shooting wide and hoping to hit the right target, you're taking a gamble with harmful side effects.

The best way to lift a family out of poverty is to get people into the job market and give them a chance to acquire skills. I think of my father, who worked three jobs until he was skilled enough to cut back to two jobs, and who kept going until his skills were good enough that he could support us on one hourly job.

There are other dangers with a minimum-wage increase. Like the fact that a federal mandate prescribes the same wage for a mom-and-pop restaurant in rural Nebraska as it does for a restaurant located in a high-cost-of-living metro area. It's not a good idea to try to overrule the laws of supply and demand that do a pretty good job of setting local wages according to the specific conditions of specific markets.

Congress has *recently* been playing close attention to the state and local officials—Democrats and Republicans alike—who say "enough is enough" when it comes to picking up the tab for unfunded federal mandates. Please give businesses the same hearing: An increase in the minimum wage is also an unfunded federal mandate. Someone has to pay—and it's usually the entry-level employee.

I urge you to look deeper for solutions. Some people lack the skills to make them competitive for entry-level employment. This is why we have tax credits to encourage businesses to hire employees who typically have a hard time gaining a foothold in the job market. This is why politicians are setting up empowerment zones to help businesses hire in impoverished areas. These programs rightly recognize that some workers may be overlooked if it gets too expensive for a business to hire them. Congress should be looking for ways to encourage people to work, and businesses to hire, instead of making it more expensive for employers to give the low-skilled a job.

You're getting a good dose of information lately on the theories behind successful welfare reform. In businesses like ours, real life crowds out theory. While our main expertise is in getting out good meals at good prices, as entry-level employers we've also become fairly expert at finding ways to help millions of troubled teens and troubled adults get beyond some daunting barriers to employment. We see that real entry-level jobs provide training in the fundamentals—reliability and teamwork, to name just two—and thereby yield long-term social payoffs that don't come in any other way.

Right now we have more than four million people earning the minimum wage in this country, 7 ½ million unemployed persons, and nine million adults receiving welfare payments. Tackle the right problems first. Focus on creating more jobs, not on raising the cost of entry-level employment and eliminating existing jobs. A minimum-wage increase doesn't attack the right problem. I urge you to reject it.

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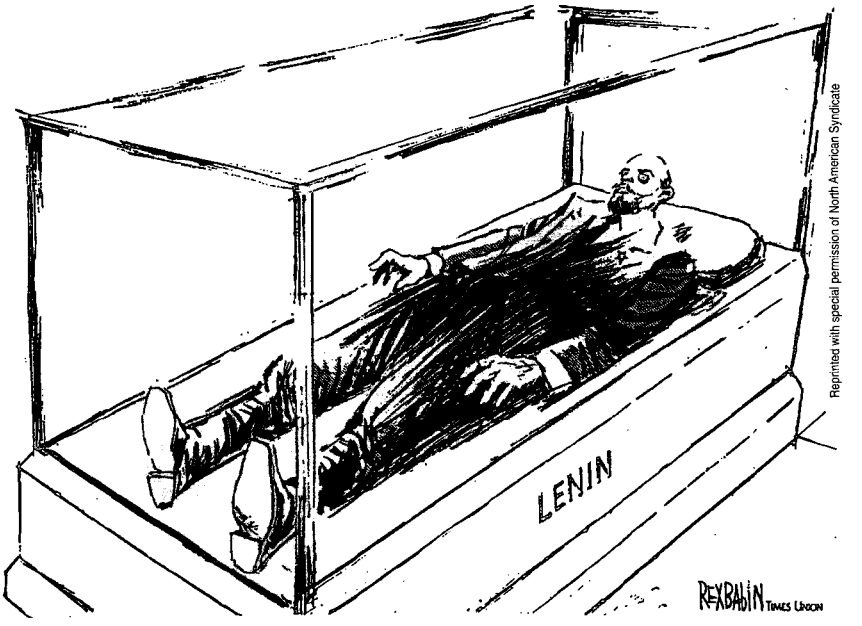
Will Russian Communism Rise Again?



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Not so long ago, prudent American policymakers used to follow this simple rule regarding the Soviet Union: "Moscow's intentions we cannot know. So it's her capabilities that we must worry about." That stance proved to be a wise one, and ultimately contributed to the victory over the "evil empire."

Today, with secretive Communists once again contending for power in Russia, this same approach ought to be used. It is an endless and ultimately futile task to try to guess exactly what Gennady Zyuganov and his henchmen believe in. Instead of divining what they intend, we ought to plan on the basis of what they *could* do.

And what they *could* do is rather less than what many observers assume. I suggest that the chances of a successful Left-radical reversal of Russia's 1991 revolution are slim at best.

The most obvious barriers to a return to the Soviet model are regionalism and privatization. Since 1991 Russia has become a federated state somewhat like the United States, with a weak center and semi-autonomous regions that jealously guard their liberties. The endless and intense public haggles over laws and tax revenues between Moscow and the 89 "Subjects of Federation" are testimony to an often overlooked reality: for the first time in 400 years, Russia is not synonymous with Moscow, and control over "the center" doesn't automatically translate into dominance over the country.

By Leon Aron

Re-nationalizing the Russian economy would be no less arduous a task than recreating a unitary political state. First, there is the enormous diffusion of private ownership. In the last four years, tens of millions of Russians have become actual owners or shareholders of businesses. Today, Russia's capital is what might be called "tough." It is concentrated in giant conglomerates with significant criminal involvement and is assisted by small private armies of "enforcers." At the top, Russia's two dozen or so largest financial and industrial fiefdoms control banks, arms manufacturers, oil supplies, television channels, and newspapers. Dispossessing these people would not be easy.

The Russian business sector today is far richer and incomparably better organized than the government. And they would resist nationalization of their assets; too many people have fought too hard and done too well for themselves in the past four years to give it all up.

True, a weak government and politically disintegrated countryside didn't prove insurmountable obstacles to earlier Communists like Lenin or Mao. To avoid becoming too confident we should keep that in mind. But at least two circumstances distinguish present day-Russia from 1917 or 1949, and both of them subtract significantly from the capabilities of the Russian neo-Communists.

First, past history suggests that indigenous ideological totalitarianism usually triumphs only in what could be called "knocked-down" societies: bloodied, shocked, disoriented and brutalized either by protracted war (Russia, China, Cambodia) or by its horrible aftermath (Germany). Without exception, such societies were either pre-democratic or ones in which democracy had been fatally weakened by serious privation.

While for millions of Russians (especially among the older generation) the transition of the past four years has been very rough, it cannot be compared with the fallout of a world war or a long and merciless civil conflict. Externally, there is peace and generous assistance from former enemies. Domestically, there is a very imperfect but real democracy, tested in two free and fair national elections and treasured by the populace. No matter how angry they are about everything else, overwhelming majorities of Russians, in poll after poll, indicate unwavering support for basic civil liberties: freedom of the press, freedom of demonstration, multi-party politics, and freedom to travel.

In theory, this, too, could be overcome by mass slaughter. But such a strategy calls for a Lenin, Stalin, Hitler, Mao, or Pol Pot—a committed, fanatical ideologue, willing to kill (and be killed) to implement his societal blueprint. And herein lies the final and perhaps decisive deficiency in the capabilities of today's Russian Communists: the weakness of ideology. Of course there are "neo-Marxists" and "Leninists" and "social-democrats," or whatever, in Russia today. But neither among the leadership nor among the Russian masses are there Bolsheviks—men powered by an all-consuming secular religion that drives them to icy devotion to victory at any cost. Compared to them, as Alexander Solzhenitsyn put it in *The Gulag Archipelago*, an ordinary villain like Macbeth was no more than a "lamb"—and so, it seems, is Mr. Zyuganov.

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Of course, even two-bit dictators sometimes "grow" into something more dangerous in office (witness Castro). Yet, historically, a certain core existential baggage has been a necessary component of an ideological dictator's equipment. This usually requires years of underground struggle in which a commitment to The Cause is cemented by daily risk and the cutting off of all other avenues of living, in which The Cause itself is steadily radicalized, until its triumph becomes the only thing that matters. In this respect, everything we know about Gennady Zyuganov and his comrades makes them unlikely candidates for ideological totalitarians.

Make no mistake: I do not argue that new Russian Communists wouldn't try to recreate their glory days. But their odds of succeeding are long. Compared to 1917, another attempt at instituting totalitarian Communism in Russia is likely to be, in Marx's famous paraphrase of Hegel, not a tragedy but a farce. Messy, worrisome, perhaps bloody—but a farce nevertheless.

Leon Aron, a resident scholar at the American Enterprise Institute, is completing a biography of Boris Yeltsin.

Ominous Parallels

Germany in the 1920s and Russia Today

By Ernest W. Lefever

Exactly who leads Russia in the immediate future may be of little consequence—because trouble lies ahead in any case. Russia is in the grip of powerful historical forces that no one man or election can make disappear. To gain perspective on the chaotic drama unfolding in the former Soviet Union, one need only consult three ominous parallels between Russia of the 1990s and Germany of the 1920s.

1. *Both countries lost a war.* Germany lost World War I to the allies. In addition to the shame of defeat, the Germans suffered "vindictive" reparations and territorial concessions. Berlin was forced to cede Alsace-Lorraine to France, West Prussia to Poland, and Schleswig to Denmark. It also lost its overseas colonies.

Seventy years later, Russia lost the Cold War in peaceful uprisings encouraged by the victors, mainly the United States. Russia lost East Germany and other European captive states, as well as its internal republics like Ukraine, the Baltic states, Georgia, and Armenia. Unlike Imperial Germany, Russia has received generous aid from the victors, rather than a demand for payments. Still, the mighty Soviet Union was humbled before the world—a psychological blow fraught with political danger.

2. *Both countries established democratic republics.* With no tradition of popular rule, Germany set up the democratic Weimar Republic and Gen. Paul von Hindenburg was elected president. Under heavy reparations and catastrophic inflation, the Republic collapsed.

Russia has similarly established a democratic republic and elected Boris Yeltsin, a weak and indecisive president (except for his crackdown on Chechen rebels). His foreign minister has forged links with scofflaw regimes like Iran, Iraq, and Libya. The fledging democracy is assailed by galloping inflation, crime, and corruption.

3. *The totalitarian temptation.* Demoralized, humiliated, and angry, Germany in the 1920s longed for a return to its former power and glory. Exploiting the people's angst, a messianic Adolf Hitler gave them hope, promised a greater Germany, and mobilized them for a war of expansion that engulfed all of Europe.

Today, many demoralized Russians are tempted by the siren calls of leaders who hark back to the glory of the czars or commissars. On March 15, the Communist-dominated Duma, the lower house of parliament, voted to reestablish the USSR. On the extreme Right, Vladimir Zhirnovsky threatens to recover Eastern Europe, expand into the Middle East, and even take back Alaska. Much of his bravado can be dismissed, but then so was much of Hitler's.

These ominous parallels between Germany then and Russia now are both mitigated and exacerbated by significant differences between the two situations. The most dangerous difference is Russia's arsenal of 12,000 nuclear missiles that could devastate the United States. Though Moscow claims they are not targeted at us, we have no way of verifying this. Russia's formidable conventional land, sea, and air forces are a potential threat to its neighbors. In the 1920s, the Versailles treaty limited Germany's army to 100,000 men and prohibited an air force or U-boats, so the country threatened no one.

The most hopeful difference between yesterday's Germany and today's Russia is the existence of NATO backed by a significant U.S. military presence in Europe. In the 1920s, an isolationist America abandoned Europe. Today, America is pouring billions into Russia to encourage it to pursue responsible domestic and foreign policies.

Whatever the near-term election results, Russia is likely to be whipsawed by chaos and instability for years to come. As a result, this is not the time for the United States to embrace Russia as an ally. On March 26, President Clinton backed a massive $10.2 billion IMF loan to boost Boris Yeltsin in the election. I suggest our government should be wary of becoming too cozy with any particular Russian leader or regime. In addition, NATO should ignore Moscow's objection and promptly accept Ukraine, Poland, Hungary, and the Czech Republic as members.

Since history is a better guide than good intentions, it would be prudent to view Russia as a potential adversary.

Ernest W. Lefever is a senior fellow of the Ethics and Public Policy Center in Washington, D.C.

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The Views of Rank and File Russians

Thanks to some pioneering opinion research done by professor Richard Rose of Scotland's University of Strathclyde, we no longer have to guess about the direction of Russian public opinion. Here are some telling results from a January 1996 survey of a scientific sample of 2000 residents from all across Russia.

Current Conditions

Everything is not too bad and it is possible to live	8%
Life is hard, but we can get by	49
Our miserable situation can't be tolerated any more	36

How would you describe your mood in recent days?	
Excellent	2%
Normal	30
Tense	43
Depressed	14

How would you describe your family's current economic situation?	
Very good/good	3%
So so	42
Bad	39
Very bad	12

Were there times during the last year when your salary was delayed?	
Yes	64%
No	36

The worst times for Russia lie ahead	52%
They have already arrived	21

In the past twelve months, did your family have to do without any of the following?

	Food	Heat/ Electricity	Clothes/ Shoes
Often	33%	14%	44%
Sometimes	28	21	26
Rarely	19	19	18
Never	19	46	12

Which problems worry you most?	**(Top ten answers)**
Inflation	73%
Crime	63
Unemployment	51
Economic crisis/decline of industry	49
Armed conflicts at Russia's border	43
Unjust distribution of income	35
Ethnic tensions	33
Weakness of the state	32
Crisis of morals	24
Corruption/bribery	24

Russian Views of Capitalism

Market reforms should be	
Continued:	30%
Halted:	27
Don't know:	42

Which economic system is better?	
State planning and control	36%
Private property and the market	27
Don't know	37

It is better when there are plenty of goods in shops even if they are expensive:	59%
It is better when the state keeps prices low even if it means few goods in the shops:	41

The Present System vs. The Old

View of Russia's pre-*perestroika* political system (positive/neutral/negative)			59% / 19% / 22%
	18-29	**30-59**	**60+**
positive ratings by age:	50%	60%	70%
View of Russia's current political system (positive/neutral/negative)			28% / 26% / 46%
	18-29	**30-59**	**60+**
positive ratings by age:	35%	28%	21%
View of Russia's pre-*perestroika* economic system (positive/neutral/negative)			72% / 14% / 14%
	18-29	**30-59**	**60+**
positive ratings by age:	67%	72%	78%
View of Russia's current economic system (positive/neutral/negative)			22% / 19% / 58%
	18-29	**30-59**	**60+**
positive ratings by age:	29%	21%	19%

We should return to the Communist system		**Agree:** 39%	**Disagree:** 61%
by age:	**18-29**	25	75
	30-59	38	62
	60+	61	39
What is more important for Russia now?		**Order:** 77%	**Democracy:** 9%
If Parliament was suspended, would you...		**Approve:** 34%	**Disapprove:** 65%
Dictatorship is the only way out of our current situation		**Agree:** 34%	**Disagree:** 66%

The Distance Already Traveled

I'm employed by a	
state enterprise or collective farm	54%
partially or fully private enterprise	45

What is the probability your employer will be privatized?	
Already is privatized, or never was state-owned	35%
Very likely or maybe	20
Unlikely or no chance	45

What kind of house do you live in?	
Government owned	40%
Privately owned or rented	52

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The Coming Russian BOOM

REUTERS/CORBIS-BETTMANN

MOSCOW—A man trades in privatization vouchers to buy stock in the Zil automobile factory.

Richard Layard & John Parker

Whether Russia prospers matters not only for Russians but for the whole world. A prosperous Russia is an important outlet for Western exports and Western capital—and a more peaceful neighbor. And despite the gloominess of most press reports on Russia today, there is strong evidence that the Russian economy will grow rapidly in the future.

Russia enjoys a far better educated population than most countries with comparable incomes. Adult illiteracy is around two percent, compared with over 15 percent in most other countries of similar income. Russian education is particularly strong in mathematics and the physical sciences. While business education is of course primitive, many scientists have abandoned the defense industries, for instance, to reach the top in finance and business ventures.

Russia is still the world's top nation in natural resources. On a per capita basis, Russia produces more than the United States of natural gas, oil, steel, aluminum, nickel, platinum, and many other key resources. In due course, Russia's farmland, the third most extensive in the world, will become a significant asset.

The best economic news is that Russia has privatized faster than any of its East European neighbors. Many avenues for growth have opened up as Russia throws off the shackles of communism and an excessive military spending. Russia will likely grow at a faster rate than mature market countries for many years to come.

From the beginning of Eastern Europe's transformation, the proper speed of privatization has been debated. Everyone agreed that private ownership was the goal, but some people, like the Hungarian economist Janos Kornai, maintained that selling off existing state enterprises was less important than removing obstacles to *new* firms—because fresh competitors would eventually replace many state firms. This policy, a European version of the Chinese model which lets new enterprises gradually grow up in parallel with the old, was largely adopted in Hungary.

Poland and the Czech Republic, in contrast, put higher priority on privatization. As a result, their economies have performed better. The Russian reformers were determined to privatize even faster. They believed the assets of the old state enterprises were of potential value if they could be managed properly by new owners. How to make this transfer?

It was easy to privatize small businesses, which could be sold for cash, often to their workers or managers. But when it came to large firms, it made no sense to simply auction off the companies, because the few parties in the country with enough money to buy them would have made an unreasonable killing. If state enterprises were to be privatized fast, they would have to be given away for nothing—or at a very nominal price.

But the question that had to be answered by Anatoly Chubais, Russia's first privatization minister, was to whom the former state enterprises should be given. Workers' representatives told him he should give the factories to them. Managers made their case. Pensioners and people not employed in state enterprises, such as teachers, doctors, and bureaucrats, demanded that privatization be blocked unless they got their share.

As he looked at the history of privatization in other countries, Chubais concluded that if he wanted to privatize quickly, he had to give enough to *all* the main claimants in order to get their support. He first proposed that workers receive 25 percent of the shares for free and be allowed to buy an additional 10 percent. Managers could buy 5 percent. And Russian citizens would get vouchers which they could exchange for most of the remaining stock.

Workers and managers—and their representatives in the Supreme Soviet—opposed this scheme. So Chubais called it Option I and proposed an Option II, where workers and managers could pay somewhat more and obtain 51 percent of the shares, with each enterprise's work force choosing which option to fol-

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low. In the end, most Russian factories were privatized along the lines of Option II.

But there were still many "outside" shareholders who had gotten their shares via vouchers issued to every Russian citizen in fall 1992. Most sold their vouchers for cash at "voucher auctions," or exchanged them for shares in an investment fund. Intermediaries accumulated substantial stakes in companies this way.

Factories began to be privatized at the end of 1992, and within 18 months the "voucher" privatization was complete. Over 80 percent of Russian industry had been spun off, largely thanks to the dogged determination of Anatoly Chubais and his talented subordinates Dmitri Vasiliev, Maxim Boycko, and Pyotr Mostovoy. Shares in many remaining state enterprises—especially in the energy sector, telecommunications, and air transport—are in the process of being sold by the Russian government. In some cases, such as that of Gazprom, the world's largest energy company, share offerings will be made to overseas investors.

The speed of this process is uneven. At the end of 1995 there was a big spurt, when some leading banks were given "shares-for-loans" as collateral against loans to the government. This created much public resentment and privatization has slowed, pending the Presidential election in June. A Communist victory in the election could lead to some denationalization. But opposition to this would be strong and in due course privatization would continue in fits and starts, as it would if Yeltsin wins.

By the year 2020, Russian living standards will have outstripped countries like Hungary, Brazil, and Mexico. And China will be way behind.

Will all of this privatization make Russia an economic success? Within Russia, two major complaints are now heard: that inside ownership of Russian firms has led to a bad system of governance, and that many managers have become excessively rich. However, outside owners do play a significant role. In over half the voucher auctions, one bidder purchased at least 5 percent of the shares. And with the shares of at least 200 companies continuing to trade openly over the telephone in Moscow, the process of concentration has continued.

By the end of 1994, the average privatized company had roughly 43 percent of its shares owned by workers, 17 percent by managers, 29 percent by outside investors, and the rest by the state. In two-thirds of all privatized firms, workers held half the shares. These figures overstate the power of workers and understate the power of managers, however, because in most firms the managers exercise the voting rights on state-owned shares, and in some companies most of the workers' shares are non-voting. Still, the overall pattern of ownership is very diffuse. Banks are so far not very important as owners, except in some oil companies through the shares-for-loans scheme. Investment funds and managers are becoming increasingly important.

The new owners of Russian enterprises are beginning to use their muscle. At roughly 10 percent of the first shareholders' meetings, the general manager was sacked. Sometimes it took outside initiative to change the management. Yavoslavi Resino Technika is a large producer of rubber products with 3,000 workers. The Derzhava voucher fund, which owns 39 percent of the firm's shares, called an extraordinary general meeting of shareholders at which it proposed to replace the management with young whiz-kids. Most of the workers supported the proposal, and the management was changed. Last July, Russia's first hostile takeover bid occurred, as Koloss, a food manufacturer, tried unsuccessfully to take over the famous Red October chocolate factory.

Many aspects of the Russian stock market need to be improved. The rights of shareholders are still very insecure. In mid-1995 most Russian companies did not issue share certificates. The only proof of ownership was the "shareholders' registry" held by the company. In some instances a shareholder's ownership has been crossed off unrightfully. In other cases firms have issued extra shares to some shareholders without informing the remaining ones. So far the majority of companies have paid no dividend—ensuring that company revenues mostly benefit insiders. To deal with these problems, the government established in late 1994 a Federal Securities Commission with Chubais as chairman. This commission is creating a central share registry system, with help from the Bank of New York, and will do much to improve the governance of firms.

As for the second complaint against Russia's break neck privatization—that it has led to wealth for small numbers of people—there have been some abuses. For example, Surgut Neftegaz, one of Russia's leading oil companies, offered 40 percent of its shares for tender without proper notice, so that only one tender was received. The sole bidder obtained a major shareholding at a knockdown price.

But these stories of villainy are few. By insisting that most sales take place by auction, Chubais prevented many abuses. And most of the flagrant abuses discussed earlier were eventually corrected. Moreover, without privatization, the managers of Russian companies would have been even less subject to external scrutiny in their accumulations of wealth and control. Many more undeserved Russian fortunes have been created by privileged access to business and trade opportunities—especially the export of raw materials—than by privatization.

Step by step, Russia is moving toward a more law-based society with fewer special economic privileges. It is acquiring an ownership arrangement and a distribution of wealth fairly well suited to economic growth. And through the voucher, Chubais created an interest in market processes that could not otherwise have happened. Russia is now a nation of 40 million shareholders.

"But," say critics, "Russian enterprises are not restructuring. They produce what they always produced. If nobody buys it, they simply pile up debts to their suppli-

Professor Richard Layard of the London School of Economics has been associated with the Russian government's Working Center for Economic Reforms since 1991. The European editor for The Economist, *John Parker was the magazine's Russian correspondent from 1989 to 1994. This article is adapted from their book* The Coming Russian Boom, *forthcoming from the Free Press.*

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ers. Because bankruptcy procedures are ineffective, there is no mechanism to enforce change." Much of this is untrue. Even in the early days of privatization there were sharp adjustments. In each month of 1993, for instance, 30 percent of all firms increased their output and 40 percent their employment. But until recently these gains were outweighed by losses elsewhere.

Faced with the disappearance of guaranteed buyers, most factories altered their products. In the first two years of the reform, 39 percent of all plants offered new product lines. For example, GAZ added a lightweight truck, which Russia had always lacked, to its production of Volga cars. Uralmash, which produces oil rigs, earth-moving equipment, and foundries, found that as investment finance for the oil industry declined, Russia's oil drillers were demanding reusable oil rigs they could move from well to well. Uralmash obliged. Though it has cut employment by over half, it now has a joint venture with Caterpillar and National Oil Wells to produce much more useful equipment.

Another popular criticism is that Russia is handicapped by too many big, monopolistic firms. Actually, Russia's 20 largest companies are only one-fourth the size of the 20 largest U.S. firms (in terms of employment). Russia's problem is not too many large firms but too few small ones: While over a quarter of Americans work in small firms of under 250 workers, only 6 percent of Russians do. This lack of small businesses causes a shortage of seedlings for the great businesses of the future.

Many things are needed to encourage more small busi-

I'm Playing Roulette in Russia

by James Jameson

I own a small aerospace company that has recently qualified some of its electrical components for use on new Ilyushin airliners that the Russians hope to sell in competition with Boeing, McDonnell Douglas, and Airbus. In addition, I have made, along with a small group of entrepreneurial friends, an investment in the oil and gas industry in Siberia. In the process of making these commercial ventures, I have travelled to Russia and made Russian friends and watched the unfolding of Russia's political and economic evolution.

For me, Russia's first and most profound characteristic today is anarchy. There is little order, and few clear boundaries. Each transaction is a new, time-consuming negotiation in which many hands are outstretched seeking favors. Whether it is trying to get goods cleared at customs or calculating corporate taxes, there are no established definitions.

This same anarchy operates more darkly in the form of crime and racketeering. The young landlord for our aerospace office died unexpectedly and mysteriously not long ago. A friend from San Francisco recounts traveling quickly to his pencil manufacturing facility in Siberia to deal with the unexpected deaths of three key employees. "They didn't teach me about this at Harvard Business School," he notes. One of my friends in the oil and gas investment was threatened at a cocktail party by a member of the mafia demanding $100,000. He was rescued by the intervention of another (higher paid) intermediary who brushed the first assailant aside.

Russia's wealth is no longer being stolen by the Party, nor so much squandered by central planners. The "thieves" now are the opportunists and newly costumed insiders from the previous Communist *nomenklatura* who will go to almost any length to obtain previously state-owned wealth. How does a 24-year-old Russian become the managing director of a company with $300 million in annual sales and close to 100,000 employees? Similar examples abound.

Russia's second major reality for a business person is that the economy has almost no "above ground" liquidity—no money to pay bills. There is very little money for investment, especially state-sponsored investment in things like infrastructure, and little for maintenance. The lack of liquidity has dampened the whole economy. Payrolls are late, or permanently deferred. The cash that does exist seems tied tightly to the (thriving) underground economy.

My third observation is that Russians want foreign help, but only to a point. Once technology or skills have been transferred they move to "Russianize" the activity. It is clear that national pride and traditional xenophobia exist. There is a desire to catch up with the West, but the instinct to be autonomous and self-sufficient often blocks economic progress.

One might prudently ask, "Why invest in Russia today?" The simple answer is that large potential markets and profits draw entrepreneurs like me. In aerospace, it is assumed that the Russians will eventually piece together a functional commercial industry. All existing Russian airliners will need replacing over the next ten years, and much of this will be with locally manufactured airframes. Further, there is a continuous effort by the United States and the Russians to maintain a Russian presence in space. In oil and gas, the country is rich and needs only investment and technology transfers to become one of the world's biggest suppliers. Given the treasure of natural resources available, there is a strong possibility that independent oil and gas companies will be established and thrive in Russia.

These opportunities are balanced against real risk. At the moment, in fact, the risks are mostly outweighing the potential rewards. It will be up to the next government to establish a rule of law and bring discipline to the society and the economy. If this does not happen, I and other legitimate entrepreneurs will likely fade into the haze of Russian history, and Russia's economy will continue to operate in the chill of Lenin's shadow.

James Jameson is chairman of LIDCO, *and former International President of the Young Presidents' Organization.*

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nesses in Russia: more business know-how, more small-scale financing through a proper network of local banks, less obstruction from government bureaucracy and the mafia, and better communications and transport. (Today's poor phone system makes business start-ups difficult. Miserable roads—only 1 percent of Russian freight traveled by road in 1990, compared to 33 percent in the U.S.—have the same effect.) Several of these problems are in the process of being solved. Banking, for instance, has recently become a prestigious and desirable career (ex-physicists and mathematicians are its most successful practitioners). Roads are being improved slowly, telecommunications more rapidly.

Nothing short of a true counter-revolution will keep Russia's new private economy from breaking into flower.

Many of Russia's biggest restructurings are yet to come, as state enterprise subsidies are pared down. In 1994, subsidies amounted to about five percent of national income, concentrated mainly in coal, agriculture, and defense.

Coal is a real problem. Russia produces more than any other country except China and the United States, but most comes from mid-Siberia or the Arctic north, with high transport costs. There will be a prolonged period of retraining and resettlement for Russia's 750,000 miners, and the transition will have to be handled with great care.

Communism hurt agriculture even more than it hurt industry. Russia was once one of the granaries of Europe, but today productivity in Russian agriculture is unbelievably low. Privatizing the state and collective farms has proven remarkably difficult. The problems are both political (powerful farm directors and conservative peasants) and technical.

Since October 27, 1993, it has been legal to buy and sell land in Russia, yet real estate markets barely exist. The notion of privately owned land has been strenuously opposed. There are also problems in breaking huge collectives into sensibly sized private farms, and problems with dividing tractors and equipment among tillers. In principle, individuals have been free to withdraw their share of land from the collective since 1992, but practical obstacles and threats of ostracism have prevented this from happening. It will take years and possibly decades before the collective farms are broken up into viable private tracts.

History shows that countries grow fast if they start behind their neighbors (like Russia), if they have high educational standards relative to their income level (like Russia), and if they follow good basic policies (sound finance, private ownership, and open trade). Russia's privatization policy has given it a dynamism many other poor countries lack. Some sectors are already improving sharply. Since the drastic fall of 1992, private consumption has risen. There has been a mini-boom in housebuilding in the larger cities.

Despite its need for capital, Russia was a net exporter of capital from 1992 to 1994, to the tune of $45 billion. Lacking confidence in their own economy, Russians put their savings into foreign assets (primarily cash dollars, foreign securities, or foreign property). This flight stopped in 1995 and given satisfactory policies will soon be reversed.

There is also room for sharp increases in foreign-owned investment. Direct foreign private investment, primarily in joint ventures with a Russian partner, has increased from $100 million in 1991 to $800 million in 1992, $1,100 million in 1993, and $2,300 million in 1994. Western companies like Mars, Pepsi, Procter and Gamble, Otis, and Caterpillar are doing very well today.

The biggest disincentives against increased foreign business activity, surveys show, are legal and financial insecurity, taxes, problems with Russian partners, problems with government bureaucracy, and crime. But in most lines of business (the exceptions being defense, energy, and banking) Russian law now allows foreign operators decent protections and rights, including repatriation of capital. And shares in local businesses can be acquired quite cheaply. With the high level of general education and the low wage level, there is no reason why Russia should not be a competitive location for production by foreign firms. Such a boom, once it starts, could be expected to last a long time, as in China.

There is always a threat from protectionist forces. They argue not only for tariffs and a devalued ruble but for the formation of giant companies "able to compete in the world market." Russians sometimes say, "Why should we keep our economy open if the West blocks entry to our aluminum, uranium, space launchers, and food products?"

For an economy of its size, Russia is currently not very open to trade. Imports from the West are only about 13 percent of GDP, but trade is a vital engine of growth because it carries know-how from one economy to another. Russia needs more imports, and she should have no difficulty paying for them, since her export capacity is huge. Russia already exports 15 percent of GDP to the West. Nearly half of Russian exports are oil and gas, and most of the rest are other raw products (metals, diamonds, and timber). Russia could enormously expand its raw material exports, and the resulting earnings could fuel a surge of imports to modernize Russian industry.

So how rich will Russia become? With 150 million people, another 100 million in its surrounding sphere of influence, an educated workforce, and natural resources unparalleled on a per capita basis in any populous nation, Russia will exert a special appeal to foreign capital. And rapid privatization has given it an unusual dynamism. Russia is likely to experience growth averaging at least 4 percent a year for the foreseeable future. By the year 2020, it is likely that Russian living standards will have outstripped countries like Poland, Hungary, Brazil, and Mexico. And China will be way behind.

That is the Russian boom to come. Political turmoil (even including the election of Communists to the presidency and Duma) could delay its arrival by a few years. But nothing short of a true counter-revolution—extremely unlikely after the changes that have already occurred—will keep the new private economy of Russia from breaking into vigorous flower.

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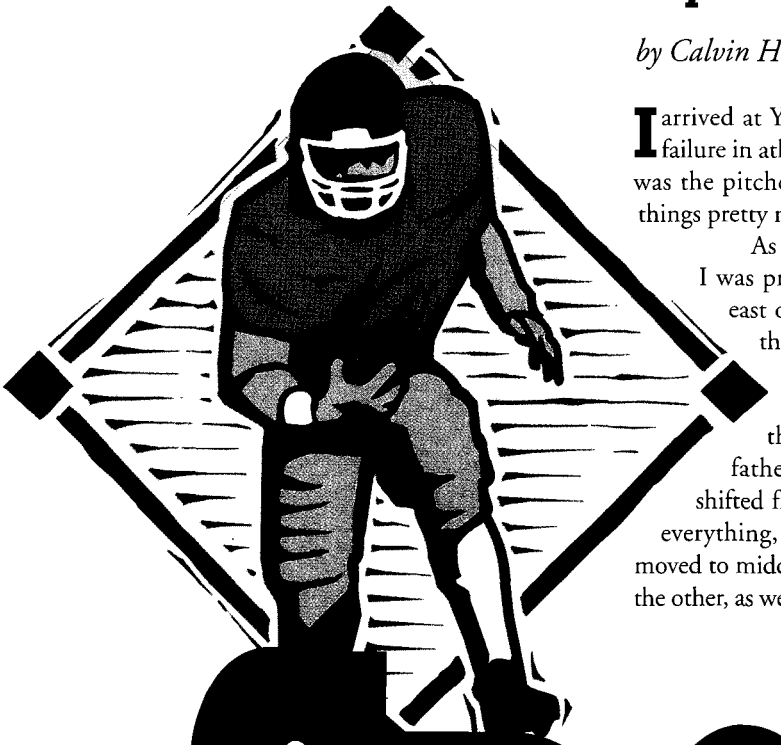
At their best, sports can provide rare and unforgettable glimpses into the human character. To mark the staging of the 1996 Olympic Games, we have assembled a collection of very personal reflections on sport written by a distinguished range of athletes and cultural observers. Collectively, these essays illustrate some of the ways that sports capture our imagination. And also some of the ways they can repel.



SPORT

Hope

by Calvin Hill

I arrived at Yale in 1965, really never having experienced any failure in athletics. I never lost a football game in high school. I was the pitcher on the baseball team, and a long jumper, and things pretty much always went my way.

As a high school All-American quarterback, I thought I was probably as good at that position as any freshman east of the Mississippi. And then the first day I was on the Yale campus Emmett Dowling walked up to me and said, "Hi, I'm Brian Dowling's father and you're going to be catching balls for my son." At the time I just attributed that to an over-zealous father. But, sure enough, within a week I had been shifted from quarterback. I was used to being the center of everything, and that was traumatic, particularly since I was moved to middle linebacker—literally from one side of the aisle to the other, as we say in Washington. I was also third-string fullback.

Illustrations by Icon Graphics

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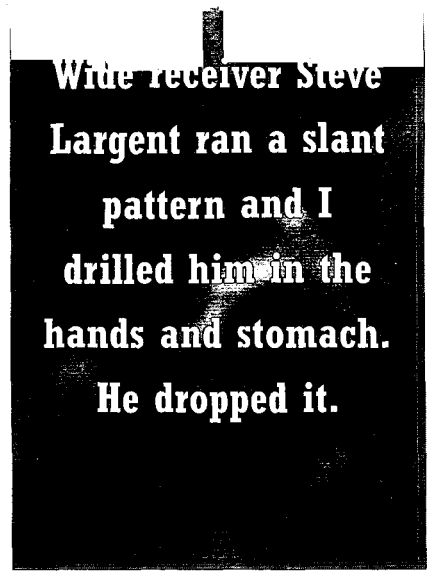
STORIES

Wide receiver Steve Largent ran a slant pattern and I drilled him in the hands and stomach. He dropped it.



While that was happening, I was also finding out that I was not the smartest guy in my class. My roommate ended up second in the class, and because I was used to being at or near the top, I was competing with him. We had several courses together and I was studying all the time and he didn't seem to study at all and his grades were better than mine.

I finally found somebody who I was smarter than. I made a point of seeing him at least once a day for the next four years. But for the first few weeks on campus, I was reeling.

And then one day, I was walking to catch the freshman bus. We had a game against Cornell, and I had made a decision that if I didn't get there on time, maybe I wouldn't play football anymore. I could spend that time in the library and at least compete in the classroom. I got there, and sure enough, the bus had gone. So I was moseying back toward Morse and Stiles colleges when all of a sudden out of the athletic office building a head jutted out of the window and hollered, "Did you miss the bus?" I sheepishly said yes. It was Bob Kiphuth, the legendary Yale swimming coach whose teams set many world records—truly one of the great coaches in the history of amateur sports. He yelled, "Wait a minute, I'm going out there."

Now, I couldn't explain to him that I didn't really care if he was going out there or not. So I climbed into his car, and as he drove we chatted and I revealed what was happening to me, emotionally. And when we got to the Yale Bowl, he pulled to the side and talked to me about competition. He related what I was going through to some of the situations he had been in, and said I should never give up, never give up, never give up—that it wasn't a question of being the first to cross the finish line but rather being the best I could be. A few hours later I scored my first touchdown as a Yale running back. And that talk also soon translated into better performance in the classroom.

That's the main thing I took from sports: the idea of competing and never giving up hope. Metaphorically, that's what life's about. Facing a series of challenges and pushing forward one step at a time, always trying to go in a positive direction, and never giving up hope. Whenever I see athletes in action, whether in the Olympics or the Para-Olympics, my spirits are lifted by those lessons of competition.

When I was at Yale in the late 1960s there was tremendous upheaval and division. And one of the things that was fascinating to me was how all of these people, irrespective of what side they were on on various issues, seemed to rally around the football team. The Greeks, of course, cancelled wars when they held the Olympics. In sociological terms one might say that sports have a totemic function in getting people of different persuasions to rally around one thing. When George Allen first tried to convince me to come to Washington to play for the Redskins, he said, "You'll be shocked at what happens in this town on Sunday." Bitter opposites all rallying around one team, because it's something they love in common. That I think is very important.

Former Dallas Cowboys running back Calvin Hill is also the father of NBA basketball player Grant Hill. These remarks were spoken at an October 1995 Yale conference.

Control

by Christopher DeMuth

Scuba diving is a deeply pleasurable sport that requires calm discipline. Without mastery of some important skills—proper descents and ascents, buoyancy control, navigating techniques, the ability to recover without alarm from a flooded face mask or lost breathing regulator—an exciting adventure can turn deadly. A diver must always remain under control, even when unexpected problems crop up. Good divers, like good pilots, monitor their instruments constantly, move with steady economy, and understand that virtually any hazard they encounter can be man-

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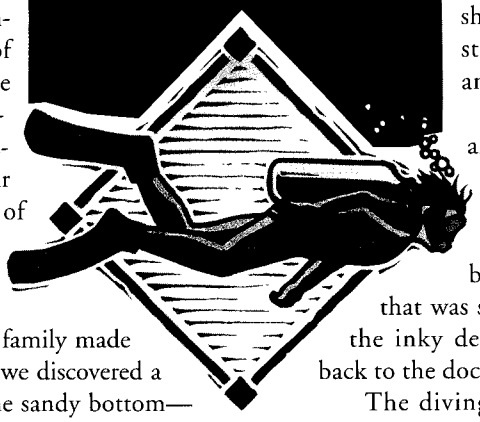
aged with proper training; both are rewarded with the exhilaration of mastering a strange and wonder-filled environment.

The famous first rule of scuba diving is *Keep breathing and never hold your breath;* but the second rule, *Plan your dive and dive your plan,* is almost as important. It can be fully appreciated only after one has actually set out from a boat or shore point for a particular underwater destination, with a fixed supply of air, only to discover how easy it is to become disoriented in the dynamic underwater environment. That's why beginning divers practice with compasses, swimming rectangular and triangular courses back to their point of origin while noting currents, shadows, sand patterns, and natural references as guides to location and course.

About 15 minutes into our exploration of the reef at a depth of 50 feet, disaster struck.



Last December in the Caribbean, my family made our first deep-water dive. Down at 140 feet we discovered a forest of tiny garden eels "growing" from the sandy bottom—looking very much like the inspiration for the witch Ursula's enslaved souls in Disney's *The Little Mermaid.* Everything was muted dark gray by the deep, bluish, light, and the water pressure squashed some of our flexible equipment flat as cardboard. Enjoying these wonders safely required careful control of air consumption (which is much faster at depths than near the surface), monitoring for symptoms of nitrogen narcosis, and a slow, timed ascent to prevent "the bends."

That evening we took our first night dive, along with an instructor. Right from the start, there was trouble. Our lights were not all working well, and even with a good beam of light the first experience of diving in pitch-black water is stressful and disorienting. We had buoyancy control problems, in part due to adding wet suits for warmth, in part due to breathing in a less relaxed, systematic way than usual. Then, about 15 minutes into our exploration of the reef at a depth of 50 feet, disaster struck. Our 15-year-old daughter had the terrifying experience of having her mouthpiece separate from her regulator (evidently due to being hit by another diver's tank), leaving her without oxygen and feeling an explosion of bubbles about her head from her free-flowing regulator hose, all in the dark waters. Her 13-year-old sister was the nearest diver. Once she appreciated the predicament, she supplied her desperate companion with air from her alternate regulator. In understandable panic, the two ascended rapidly, out of sight to the rest of the group. My wife and I will not soon forget the moment we noticed the girls' absence, then spied two tiny lights bouncing about in a cloud of bubbles far above us.

The girls turned out to be okay, but confused about what had transpired. After we regrouped at the surface, our instructor eventually declared the dive "out of control" and directed us to swim for the shore lights off in the distance. Ascending the ladder to the dock, one of us declared she would never again dive at night. We had a family debriefing, which included recognition of the importance of using in an emergency the skills we had learned in theory during our classes. The mental replaying of the evening's terrifying events kept us lying awake in bed until about 3:00 AM.

The next day, however, we all resolved to attempt another night dive immediately, and it was a great triumph. Breathing and body control came naturally the second time around. We were escorted throughout by a seven-foot-long tarpon—a beautiful shiny metallic creature whose presence was strangely comforting. We spotted lobsters and shrimp and watched a spotted moray eel devour a fish whole. For the fun of it, and as an expression of our recovered confidence, we all moved back from the reef at about 70 feet, switched off our lights, and waved our arms about—producing a brilliant display of photoplankton energy that was sufficient to illuminate the other divers in the inky deep. We navigated accurately and calmly back to the dock, feeling relieved and exuberant.

The diving experience is simultaneously thrilling, relaxing, and fascinating. Your senses are honed, and you concentrate with intense focus. There is intellectual challenge in applying concepts of physics, biology, navigation, and photography. You become aware of your body in new ways, appreciating precision and control. Most of all, diving makes you a good observer. Amidst the astoundingly detailed beauty of the ocean, and the complex reef ecology, you experience much more of your surroundings when you go slowly and look carefully—a lesson for our terrestrial lives, too.

Christopher DeMuth is publisher of The American Enterprise.

Theater

by Sebastian Coe

For the vast majority of us, sport kindles memories of triumphs and tragedies; it cloaks a field of dreams. Sport is theater, and through it we can see the human condition cut to the bone. Sport has pace and stillness, drama, comedy, and tragedy. It conveys more vividly than any other branch of everyday human activity the elation and despair in every person's emotional range.

Sport gives us some of the most powerful visual images of the twentieth century. Its words and phrases also infuse the languages of the world. Many of these expressions have to do with aggression, violence, and fair play, perhaps because sport serves as a kind of metaphor for war.

Aggression and physical contact are part and parcel of many sports, and players are proud of it. In dressing rooms around the world, at all levels of sport, men and women vow to take no prisoners as they prepare for battle. But all of this lies at the heart of competition rather than conflict.

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Be it competitive or social, organized or impromptu, a team game or a solo pursuit, sport touches people. It is recreation or entertainment for all ages and all regions. I would argue that it is a kind of universal language—an Esperanto that unites people of every creed, kind, and color.

Closest to my own heart is the Olympic Games, unquestionably the colossus of modern sport. In two successive Olympics I competed for my country, running both the 800-meter and 1500-meter races. Attempting a double win changes an already tough competition into an all-out war of attrition. This is the time to draw on all those long, hard years of apprenticeship. Finally it all comes down to an implacable will to win. In Los Angeles I survived seven races in nine days, and, oh, how welcome was that finish line in the final.

I still hold two world records. My 800-meter record has stood for 15 years, the second oldest on the track and field books. My 1000-meter time is almost as old. I am very proud of these marks, and vanity wants me to hold them. But the oldest reality in sports is that records are there to be broken.

Olympic double-gold medalist Sebastian Coe is now a Conservative member of Britain's House of Commons.

Loyalty

by Karl Zinsmeister

In the neon world of sport, rowing is a softly glowing candle. It offers little glamor for participants, and hardly any rewards at all to spectators. But from my first moments on the water I knew I had stumbled onto something pure and arresting.

To begin, the bare mechanics are quite interesting. My Yale crews averaged around 6'4" and more than 200 pounds, and eight such people plus one coxswain (who, with a body weighing about half as much, steers and orchestrates) must be stuffed into an exceedingly frail craft whose total heft is barely more than a single one of the men riding in it.

When I began racing, the lightness that made fine racing shells so coveted was achieved through meticulous hand building in thin-shaved woods and stretched fabric. Later, the best boats were made from costly carbon fibers and other products of aeronautic engineering. Always, designers struggled to reconcile the demands for lightness and speed with the requirement that the boats not be wrenched apart by the throbbing exertions of their occupants. Keel-less, bewinged by whistling 12-foot oars, aimed by a rudder the size of a credit card, powered by three-quarters of a ton of human engine oscillating rapidly on sliding seats, a racing shell is a taut 60-foot missile, ever seemingly on the verge of explosion.

Then there are the physical demands of rowing. A highly conditioned human body is capable of tremendous bursts of adrenalized exertion for up to about three minutes (at that point, its stored oxygen reserves are exhausted). Or it can function in a reduced "marathon" state for longer periods of time. Rowing's strenuousness derives from the fact that it combines these two modes.

Each race starts out as a fierce anaerobic burst (with much more oxygen being consumed by your muscles and brain than your lungs can possibly replace). Then, to avoid passing out, each rower must shift down to an aerobic mode (where effort expended matches oxygen taken in). Exactly when this happens is dictated largely by your genetically determined metabolic rates; aerobic "freaks" with large, efficient lungs and hearts have an advantage. Finally, the race ends with a mad kick back into the anaerobic mode. The goal is to cross the finish line just before the resulting oxygen deficit shuts you down.

Cyclists, speed skaters, Nordic ski racers, and other athletes who straddle the territory between endurance and "sprint" sports face harsh individual demands similar to those of rowing. But unlike most other conditioning-intensive sports, rowing is a team undertaking. Indeed, eight-oared rowing may be the ultimate team sport. While each oarsman must face the personal pain of the race absolutely alone, he must do so in perfect synchronization with a clutch of other men. One small failure by any of the individuals involved will doom the entire effort. (A shell manned by seven world champions and one poor performer may not beat a good high-school crew.)

The final attraction of rowing is the happy fact that these mighty exertions, in these brittle boats, are made on the water, in the pastoral silence of very early mornings and late afternoons. I have skimmed lightly over canals, rivers, lakes, and saltwater bays, as well as the mammoth man-made pools of international race courses. I have rowed through the hearts of cities, I have rowed with black porpoises leaping around me, I have rowed through ice floes, and past ancient religious temples at sunset. I have even sunk a few times (not a great feeling considering you are tied into the boat). And consistently there was a loveliness to being afloat under graceful human propulsion.

With its complicated mix of sensory pleasure, raw power, personal tests, and collective interdependence, rowing soon had me in its grip. My freshman crew was the first in recent memory to beat Harvard (rowing's superpower). That earned us a 3,000-mile trip to the sport's mecca—the Henley Regatta in England—and eventually the finals of our event. My sophomore year I ended up in the heavyweight varsity boat, and that July I again journeyed to Henley, to race for the event's highest prize.

But somewhere in the course of that sophomore year, a shift in the relative positions of my academic and athletic lives took place. I was uncomfortable in the social environment at Yale, and had lacked direction in my academic work. Originally, it was rowing that saved me. With its heavy year-round physical and mental demands the sport kept me challenged, and I put most of my energy into training. In the beginning, rowing was pure inspiration for me. Our dawn practices were an adventure, success an unexpected gift. Every day on the water brought new possibilities.

But once I made the transformation from striving novitiate to established member of a crew engaged in the sometimes grim job of winning a national championship (we did), rowing lost a measure of its joy. I began to feel ground down, caught in a giant machine. Almost simultaneously, I began to pull together the threads of my academic career. Soon I had laid out a large research project

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that would bring me to Dublin's Trinity College for a year, and then back to Ireland's National Library the following summer to write a thesis I could be proud of. One fever waxed as another waned, and I set off permanently down the path toward a life of the mind.

As I stepped into Trinity's historic courtyard to attend my first class in Dublin the following fall, rowing was the last thing on my mind. But as I was tripping along the waxy cobblestones I suddenly had company: a fireplug of a man from the Trinity rowing team. He had recognized me from my races at Henley, and I was being recruited, hard. As I listened to his sweet Irish patter I thought to myself, "Man, this guy could sell vacation homes in Lebanon." By the time I had crossed the wide courtyard I found myself telling him, like a lost adolescent encountering his first Hare Krishna in La Guardia Airport, that, okay, maybe I *would* row a little bit with the boat club.

My promise to myself to take a break from the sport was broken. But surely I could idle along just for the pleasure of it. I wouldn't have to *engage* as I had the two previous years.

My recollections of early training in Ireland are a blur: Surging through spongy mists which seemed to suck at my exposed skin. The coal-caked banks of moldering Newry Canal. Incredible safari-portages to transport our fragile craft around concrete weirs (vestiges of Victorian organization and restraint that crisscross Ireland's waterways). And lots of weightlifting and group runs.

Notwithstanding its epic stature in the works of James Joyce, the Liffey is a narrow, tortured snake of a river. In places it is little more than a stream, thick with marshy grasses and dangerously protective mother swans. Racing 60-foot-long shells on such a watercourse was often a hair-raising adventure.

My Irish teammates, however, were imperturbable. Session after session was rescued from anarchy at the last minute by arrival of the missing body, or missing tool, or missing boat. I could never quite tell who was in charge, but the hard sweaty work of training did get done. The contrast with the Yale crew—where we had professional riggers as well as coaches, large motor launches, indoor circulating rowing tanks, dozens of eight-oared boats, a training trip to Florida when the ice froze, buses, food service, straight rivers—was, shall we say, sharp. Amused and impressed by the *ad hoc* energy of my Irish comrades, I was increasingly drawn into our joint enterprise.

Racing season began memorably when we represented Ireland at the spectacular Nile Regatta held annually in Egypt. Two days after Christmas we had a fine row in Cairo, dodging floating donkey carcasses and other debris and finishing second, bow to stern behind a massive American crew from the University of Washington. The Huskies are infamous even in the U.S. for their virtually paramilitary training—complete with group living quarters, jarhead haircuts, and single-minded lifestyles. I couldn't fault their prudence when they broke out peanut butter and other imported "safe" food at regatta banquets, but I sure did get a few snickers out of seeing these athlete-warriors from the land of rugged individualism quizzing their guardians: "Hey coach, can I eat this?"

Motley and frayed as we Paddies were, we gave them a stiff race (and stiffed the rest of the crews, including England's Leander Club, entirely). I was thrilled with our performance, fueled though it was by unspeakable edibles purchased in the stalls of the Egyptian markets.

I began to realize how far our crew might go in the months to come. But breakthrough was not achieved easily. We sifted through myriad lineups, several coaches, a gaggle of controversies over strategies, boat rigging, personal sleeping patterns, and religious philosophies. It still was not clear to me who was in charge, but it began to matter less and less. There was too much raw talent and determination in our little conspiracy for it to stagnate.

Meanwhile, I was rediscovering how much fun rowing could be, and how strong a cement shared purpose was. I had developed a deep respect and fondness for my adopted crew mates. Where American college rowing teams are official, professionally administered functions of the university, Irish boat clubs are just that—clubs, run by the members. They have long and sentimental histories, informed by heaps of crumpled mementoes and generations of club minutes, with their own annual dinners and drinking sessions, even an original repertoire of startling carousing songs.

I was an outsider to much of the mythology and ritual that supported the boat club's social structure, but I revelled in its purposeful close-knittedness. There were many training expeditions full of taletelling and potent humor. I spent a cozy Easter idling in the country house of one teammate, hiking Ireland's Bens amidst the birth-sticky lambs. Boat mates escorted me on loving pilgrimages to Bewley's and the Long Room. I feasted on home-raised mutton with one comrade, and wiped my feet on its fleece on the way out his door.

When it came to our racing, we were deadly serious. Our season really began in earnest at Trinity Regatta. In what I recall as our first taste of end-of-season racing form, we rowed a sharp, rising performance, losing to the Neptune Rowing Club by three-quarters of a length but still leaving the water with some feeling of accomplishment.

Looking back, it's clear that one of the important bits of good fortune which made 1980 the remarkable time it was for us was located on the opposite bank of the Liffey. Archrival Neptune had a superb crew that year, and—happily—they were good right from the beginning of the season. The sound lashings they administered us early were, I believe, helpful in pulling ourselves up to an international competitive standard. Week after week we measured ourselves against our green-clad nemeses. Time after time we came up wanting, but by less on each occasion. A powerful momentum was building.

The four weeks following Trinity Regatta were among the most exciting of my athletic life. I have been in crews that were undefeated from February to July, but I tell you that is nothing as compared to being in a boat that starts out unsuccessfully then suddenly gels. One of our volunteer coaches that year once compared getting a boat to "swing," as oarsmen say, to eight men trying to throw a single javelin. He might have said eight men trying to throw a single javelin while effectively blindfolded, under the direction of a ninth, non-exerting person—the coxswain.

But rowing is more even than finesse. It is controlled violence. My own attempt to analogize what's necessary for good rowing

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would be something like this: at medium power and speed, rowing is pure rhythm and fluidity. Eight hearts beating in time. But at full tilt it is as if some quirky aeronautical engineer had invented a human-powered helicopter which, given sufficiently frantic efforts by an octet of bulky men, was occasionally capable of short bursts of wild, careering, high-speed flight—just along the treetops. But subject to instantaneous crash given the slightest let-up.

Flight is not easily achieved, but it provides unspeakable exhilaration on those rare occasions when it is. June 7, 1980, was one such day. At Blessington Lake we synchronized all those ineffable inputs and achieved a magnificent, singing, 1 1/4 length victory over our worthy Neptune foes.

Over the next month, we would row many such pieces, and win many races. Dreamlike, our season was resolving into everything we could have hoped for. We were very, very fast; and we were going to Henley.

When we arrived in England, I learned something interesting. My old Yale teammates had had another fine season, and in pursuit of the world's most famous regatta medal they too had journeyed to Henley. A true surprise meeting from across the ocean. Then my Trinity boatmates and I settled into encompassing quarters with the local dentist and his family in quaint Henley town. Our real business was at last at hand.

Over the next few days, I began to float, dazed by concentration. The world seemed increasingly empty, even as it filled to overflowing with close-pressing flesh. Relatives vanished. Coaches disappeared. The universe shrank until it contained only myself and eight other men.

At this point we were racing, like all championship crews, on capital we had banked long before. Our long year of difficult training capped by the brilliant June workouts stood us well, and we won our first three Henley races easily, going faster each time. We had made it to Sunday, Henley's final day. And our opponent was...Yale. It was obvious to everyone at the regatta that the winner of our semifinal would take home the prize that evening.

It was, I believe, not until then that I finally took stock of my position. Only once before, on a lonely run many months earlier, had I seriously considered the possibility that now faced me. When I fled Yale the previous summer I could never have guessed that I would be facing old teammates, coaches, memories both sour and dear, at the end of the next season—from a seat in a superb crew occupying an opposing lane. It was a bittersweet, almost shocking little trick of history that had brought together these two poles of my life.

In the course of my splendid year at Trinity I'd forgotten the complications and frustrations I had left behind in New Haven, and I'd nearly forgotten it was to Yale that I would return in two months. I longed to show my old teammates what a proud, spirited world I had moved into. I felt a ferocious loyalty to my adopted comrades, and ached to translate my private admiration into public acclaim. I was by then a Trinity oarsman, heart and soul.

My first concern was to regain control of my body, to clear my head, to force down the hysteria I felt choking me. I was afraid to swallow for fear I'd gag.

Yale's 1980 Henley entry had crushed all of its American competition that year. Pale and comparatively undersized, we must have seemed improbable behemoth-slayers. But I knew—in the most intimate way possible, namely months of communal life in both camps—that there was little categorical difference in talent between our crews. And surprise would be on our side. Never before, never again, would I feel so flushed before a race. My Irish teammates were every bit as hungry. They had been eliminated in previous years' competition by Yale crews.

Surprise was indeed ours. At 12:25 on July 6, 1980, we rocketed off our starting platform. In what I still remember as one of the most sublime half minutes of my life, we took nearly a length lead on the start. It was the only time they were headed that entire year.

We were careering. We were way above the treetops. Our coxswain was screaming for us to pass their bowsprit, but our relative positions seemed to freeze. Like two great stags with intermeshed antlers, we were locked. We stayed that way for a mile—five agonizing minutes.

As we approached the public enclosure, I am told there was an avalanche of primal noise from the huge crowd. Yale began to creep closer. I felt as if my temples were flexing, fibrillating to the alternate pressures of blood from the inside and sound without. They were drawing within a few seats. Our stroke rating was in the clouds. Some later claimed there was a choppy stroke in the mix. I have no recollection.

There is a mountain of hyperbolic melodrama attached to sport today. But I tell you: when that race was finished, I was paralyzed. I didn't know who won, I wouldn't for several minutes. My first concern at that moment was to regain control of my body, to clear my head, to force down the hysteria I felt choking me. I was afraid to swallow for fear I'd gag. Every milliliter of oxygen was precious.

As I slumped—gasping, drooling, knees locked—I listened to our stroke, Gerry Macken, suffering in front of me. We drifted. It was very quiet. It came to me: that beautiful, floodlit, musical race. We had lost!

Later, a teammate seated near the front of the shell would tell me that "if the lead didn't change hands on the last stroke, then it was no earlier than one of the last three strokes." Our times, by human standards, were identical.

After we put the boat away for the last time, I realized how little I had understood what was happening to me during the course of that year. I spent the last 40 minutes of my season of "disengagement" from rowing sobbing violently into a towel.

Karl Zinsmeister is editor in chief of The American Enterprise *and a former national champion in college rowing in both the U.S. and Ireland.*

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Teacher

by Michael Novak

It is not easy to become a good person. Honesty, loyalty, controlling one's feelings, becoming disciplined, learning to hit the mark consistently—these must be learned in order to have a good and successful life. Those are also things that athletes must do. That's why the stories of hard work, determination, heartbreak, and success that surround sports are often metaphors for seeking the moral life.

The athlete must learn to absorb failure. He or she must learn to clear the high bar not only in practice but also when it matters. One must adjust to the feel of the wind, the cramp in one's calf, the worries on one's mind. A winner must rise to the level of pressure.

"You ain't got no game, Mr. Gerson. You be playin' with those white boys who don't run to the hoop when a black man steps on the court—they run home to Mommy and Daddy."

In such ways, sports teach us about living. They train us to meet obligations, to heed duties, to obey commands. But there is more to moral life than that, and sports show the broader picture. Sports train us in self-mastery. We learn to build up skills and habits over time, to meet difficult challenges head-on, to make ourselves better people.

The essential task of becoming a moral person is to learn to carry out good acts naturally. Doing something good as if it were "second nature" is also the crux of succeeding at sports. This is hard work. Often it begins with changing one's attitudes and working on "motivation." One has to want to change, and to be willing to work for constant small improvements over a long period of time.

In certain ways, sports offer a better way for learning morals than, say, laws do. By drawing lines, law defines what *not* to do; sometimes it also defines what one *should* do, by prescribing necessary rules. In sports, too, one must learn the rules. But a good athlete must go far beyond the rules. He must add accuracy and grace.

And there are other moral themes in sports. Sporting is competitive, and lucky is the great athlete who has great competition. For unless another pushes him to new heights of achievement, he will never know how good he might have been. Humans cannot help falling short of heroic efforts when heroism is not called for. The benefit of a truly great nemesis is that he forces you into a deep struggle with yourself—what the Greeks called *agon,* from which we get our word *agony.*

It is not really your arch competitor against whom you compete; he merely forces you to struggle against yourself. A naturally blessed athlete who has never been pushed hard has been cheated. That is why powerful competition is a gift, and why a stalwart foe lives within you forever, even if you hate his challenge.

Something similar happens in moral life, except there it is less often another person against whom one contests than "another self" (or, as the Scriptures have it, "principalities and powers" that act within us). Here the appropriate image is that of a personal wrestling match. Until we come face to face with serious trouble, our moral virtue is untested, unknown even to ourselves. Then some change "tries the soul." And we learn what moral strength is, and whether we have it.

Sporting events like the Olympics remind us of sport's moral heritage. The Olympics were never conceived of by their Greek initiators as simply entertainment or spectacle. They were a testing ground for virtue, for productive habit, for accomplishment—an exhibition more of the beauty of the human spirit than of some distortion of the body. Even today, beneath all the hoopla, the Olympics continue to be a great celebration of human spiritedness and the classic moral values. There may be nothing else on television that so concentrates our attention on the deep strivings and crucial qualities of human living.

I sometimes wonder what we would do for the moral education of our children if they did not have sports. Where else do modern youngsters learn so much about enduring pain and defeat? Where else are they driven to strive for perfection? They work hard in school, of course, but often enough they do just enough. As for chores around the house, valuable as they are, they rarely have much urgency in a modern setting. But in sports, the young find in themselves a longing to do things just right. It can be beautiful to watch. I never saw the faces of my children set more seriously than when they were on playing fields.

Sports are worth taking seriously. For any undertaking which aims for perfect acts of excellence and beauty provides a great goal. The lessons learned in sports are not easy to carry over into the rest of life. But how much poorer we would be if we lacked sports in which to learn them at all.

Michael Novak is the George Frederick Jewett scholar at the American Enterprise Institute and author of The Joy of Sports *and 25 other books.*

Camaraderie

by Blake Hurst

I grew up close to my grandparents, but when I reached the stage of adolescent rebellion, a big part of mine (which was comparatively mild) consisted of rejecting my grandmother's views on alcohol, tobacco, hair length, and, especially, politics. She was a Southern Baptist, teetotaller, and a yellow-dog Democrat. I wasn't. But even at the peak of my rebellion, there was one patch of common ground between us: we both loved the St. Louis Cardinals.

Grandma was a lifelong insomniac, and listened to our Redbirds on St. Louis's KMOX late at night when they played on the West Coast. I often stopped by her house after the chores were done to catch up on the previous night's game. We would commiserate and grieve together, and rejoice when they played well. For more than a few years, baseball was the only safe topic of conversation between my grandmother and me.

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During those difficult years after I was a child and before I became a man, sports served to bridge the gap between us. Later, our baseball bond was supplemented by the birth of my daughter—my grandmother's first great-grandchild. The last time my grandmother was well enough to travel, my parents took her to St. Louis to watch the Cardinals clinch the pennant. It was a thrill for her, and one I enjoyed through her retelling.

Grandma is gone now, along with my shaggy locks and any chance of the Cardinals winning a pennant. Although my views on alcohol, tobacco, and teenage hairstyles have changed as my family has grown, I'm afraid my grandmother, from the place in Heaven reserved for Southern Democrats, still winces whenever I enter a voting booth. But I still root for the Cardinals, and when they finish their games on the West Coast long after I've gone to bed, I miss my grandmother the next morning.

Blake Hurst lives in Tarkio, Missouri, and is a regular contributor to The American Enterprise.

Corruption

by Herbert London

When I played college basketball at Columbia from 1956 to 1960, I was obliged to wear a tie and jacket to every game. Violation of this rule meant you didn't play. Coaches could institute rules because it was assumed they were parental surrogates first and coaches second. Whenever I deviated from the rules, I was reminded that at Columbia I was expected to act as a gentleman.

Today, we have gone so far down the path of permissive behavior that for those who can block, tackle, run, catch, and throw, even felony offenses are rationalized and excused. Michael Irvin of the Dallas Cowboys is charged with drug use and liaison with a prostitute; Dennis Rodman of the Chicago Bulls attacks referees; Mike Tyson, former heavyweight champion, served a prison term for rape and is facing new charges for assault.

As long as Americans are willing to tolerate a separate standard of appropriate behavior for athletes; as long as coaches avert their gaze from the egregious behavior of their best athletes; as long as the NCAA continues to make excuses for the "indiscretions" of athletes; as long as kids who can dunk and run to daylight are coddled from junior high school to the professional ranks, bad behavior among many athletes will continue unabated.

Herbert London is John M. Olin professor of humanities at New York University.

Trust

by Jeff Kemp
(as told to Jeff Taylor)

Playing sports can provide both intense highs and intense lows. It can cement people together, or it can send them spinning apart. I know, because I've had each of these experiences.

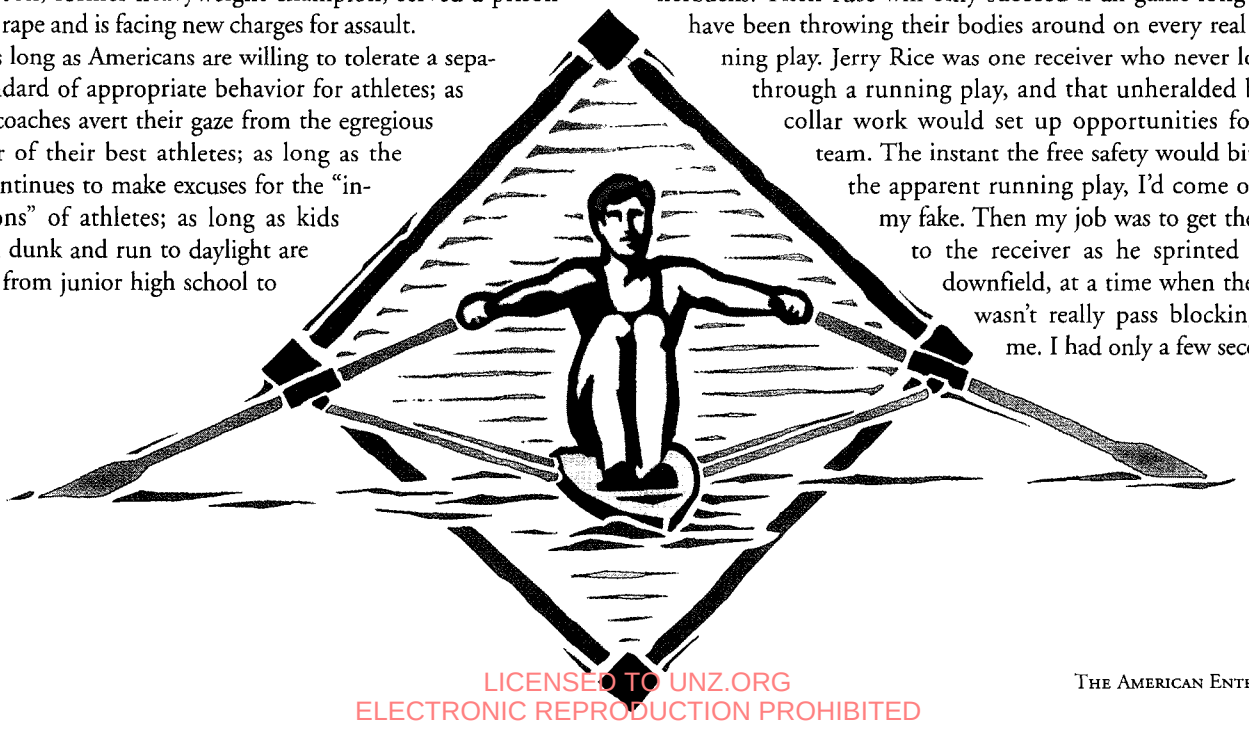
One of the best examples of the positive potential in team sports is the play-action pass. Four things make it work: a unified vision of the goal, careful attention to details, trust between the players, and a commitment on the part of all involved to sacrifice.

The greatest successes with this play that I've been part of came while I was quarterbacking the San Francisco 49ers, where we scored many touchdowns with it. I would begin the play after the snap by turning my back to the opposing team, knowing that my linemen were not blocking for me. I would then fake a handoff to running back Roger Craig.

Roger had to sell the defense on the fake run. He would lock his arms as if holding the ball and bulldoze into the line of scrimmage. He couldn't use his hands to ward off hits, as that would give away the fake. The more effective he was in his job, the more linebackers would come up and nail him in the head. Roger never got anything on the stat sheet for this play.

Meanwhile, the offensive linemen would drive out at the legs of their opponents. Their goal was to convince the defenders the play was a run, which meant getting kneed in the head, stepped on, and basically trashed.

The wide receivers would pretend to be blocking the cornerbacks. Their ruse will only succeed if all game long they have been throwing their bodies around on every real running play. Jerry Rice was one receiver who never loafed through a running play, and that unheralded blue-collar work would set up opportunities for his team. The instant the free safety would bite on the apparent running play, I'd come out of my fake. Then my job was to get the ball to the receiver as he sprinted deep downfield, at a time when the line wasn't really pass blocking for me. I had only a few seconds.



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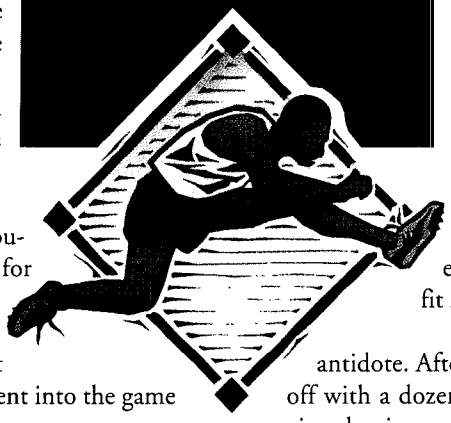
No one was picking up the outside linebackers, and I knew I was going to get hit. Typically, the ball had barely begun its 50 yard flight by the time the defenders on the left side of the field figured out it was not a running play and delivered me into the grass.

I would end up laying there under some 300-pound guy enjoying the experience of getting a good hit. More than a few times I had to judge whether the play worked from the bottom of a pile. At home, a roar from the crowd meant success. On the road, you wanted to hear silence. Both were great sounds.

Careful execution, mutual trust, and commitment to sacrifice were what made this play work. For me, there are timeless lessons in that for life.

I learned a different kind of lesson a couple of years later. It was 1988, I was playing for the Seattle Seahawks, and starting Quarterback Dave Krieg was injured. Our next game was against my old team, the 49ers, and I got the start. I had a great week of practice and went into the game with big visions.

Boys who are athletes do better in their schoolwork during the sports season, when they're busy, than in the off-season.



Walking out of the pre-game meal on Sunday morning, a coach came up to me, put his arm around my shoulders, and said. "Hey, Jeff, I just wanted to let you know that I'm excited about you being our quarterback." Shows of affection and concern like that are rare in the NFL, and I felt valued and honored by the gesture. It gave me even more confidence for the game.

My first pass was on a third down with eight yards to go. With everyone expecting you to go to the air, that's a tough completion. Wide receiver Steve Largent ran a slant pattern, and I drilled him in the hands and stomach. He dropped it. The previous year, Steve set the all-time NFL receiving record. He was also one of my closest friends. So I'm thinking, "What's up, Steve?"

After that, Steve didn't make any mistakes, but I did. I had the worst game of my life, and we were down 28-0 at halftime. In the locker room I walked up to the coach who had been so upbeat about my starting to mention some ideas that might work better. He wouldn't even look at me. He turned 180 degrees and motioned for another quarterback to come over. He put his arm around him and started to tell him what to do in the second half.

The change made sense. Football is a business where you've got to perform. What hurt was that for a month afterwards the coach wouldn't even answer when I said hi to him in the hallway. It was as if I were valueless.

Today we would probably get along fine, but this painful experience magnified for me the difference between the unconditional love God has for us all and the conditional way people sometimes value one another. It reminded me how, in a high-pressure situation, people can discard relationships solely on the basis of short-term performance. That is not a problem limited to sports.

This left me determined never to forget the intrinsic worth of each person—the same basic lesson I learned in a very different way while running play-action passes with the 49ers.

Former NFL quarterback Jeff Kemp is now executive director of the Washington Family Council in Seattle. Jeff Taylor is a reporter for Investors Business Daily.

Release

by Robert Royal

In Dostoevsky there are references to a mysterious disease called "brain fever." Modern science probably recognizes no such malady, but parents of teenagers do. Random energies, especially for the boys, are suddenly too large to fit into a normal-sized room, or even a house.

I've found, however, that *sports* are a useful antidote. After a couple hours on the football field, topped off with a dozen wind-sprints, there's not much will left for teasing the six-year-old, talking back to mom and dad, or breaking up the furniture.

This fall, my son went through two months of enforced absence from his athletic regime when he dislocated his elbow during football practice. The consequences, medical problems aside, were not happy. His younger and older sister took the symbolic place of tackling dummies. Though there was much more time for schoolwork, grades actually waffled downward.

This spring he's playing lacrosse, and all's right again with the world. He's well organized. Cheerful. The other day he handed me two Latin tests, graded 100 and 96.

"You know, they've done surveys, and boys who are athletes do better in their schoolwork during the sports season, when they're busy, than in the off-season," a coach told me recently. For many parents, that's social science belaboring another obvious point. But a happy one.

Robert Royal is vice president of the Ethics and Public Policy Center in Washington, D.C.

Perspective

by Kwaku Ohene-Frempong

I came into an athletic career in a roundabout way. I grew up in a small town in West Africa and my parents had no formal education. But from early on, the most important thing I could do to please my parents was to do well in school, and so I spent a lot of time studying.

My first experience with sports was recording scores on a blackboard at village soccer games. I liked athletic activities, but

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when I went to high school I didn't intend to take part in sports at all. Partly this was because I was quite small at the time. Then I went through a year when I grew about nine inches and filled out, and all of a sudden I was running faster and jumping farther than other people. My school had a very good track team, and I went to their practice one day and watched the long jumpers. After a while I asked the coach if I could try it once, and I jumped 22'4". I was more surprised than anyone.

But athletics have always been secondary to other things I've wanted to do. I've participated because I thought sports enhanced my life in general; I never really thought it was essential to do well. But as I got into higher and higher levels of competition, I began to realize that what I did on the field was important to people around me, maybe more so than to myself. Others had an investment in what I did as a player on the soccer field or the track, and I began to feel a sense of responsibility. Therefore, I began to take athletics seriously and to excel.

There are so many examples of serious character problems among professional and college athletes today that the idea of the team "lineup" is taking on a whole new meaning.

The first time I represented my school in a high school track meet as a long jumper, I fouled six times. Yet the coach didn't kick me off the team, and that same year I became national high school champion.

For me, the lessons of sports have been less in the winning than in the failures and losing. Winning moments tend to pass rather quickly in my memory. But trying to understand why I did not do as well as I thought I should have in a particular situation, or how I might prepare myself to face the same situation another time: these are strong memories.

We should remember that when our team wins, somebody loses. Any time we win, we are indebted to the other side for giving us the emotions and elation of winning. And when we lose, we are providing them with these emotions. The losers create the winners, just as the winners create the losers. And the lessons that are most meaningful are the ones learned by those who lose.

When I get honored for my athletic career, I always have a sense of insecurity about it, as if it's not deserved—because it was never my goal *per se*. Sports were the thing I did while going to school to become what I was really aiming for.

Yet the two activities often connected. Exerting myself to the point of fatigue and sweating is exhilarating. I bring that to my work, and everything I do. And sports may have something to do with rooting that in me.

Also, I think I often have more trust and natural fellowship with a former athlete than I do with a non-athlete—simply because I have a sense that he or she is a person who has been through a lot of ups and downs and knows not to quit. When you go into the locker room at halftime with your team down four-zip, you don't say, "No point in going back for the second half." You march out there and try again. I watch others who seem so frustrated by any small setback in their lives, and sometimes I wonder if they had had the same opportunities on the athletic field that I did whether they wouldn't be able to put things in better perspective, and know that it never makes sense to just lose hope.

In the last 20 years, I have worked in a field where I have de-emphasized the fact that I was an athlete. I work in sickle cell disease with children who *cannot* be athletes unless we find a cure for their disease. Of course, they're like everybody else in society, and their heroes are all sports stars. Yet I must send notes to their schools that say they cannot participate in high-level athletic competition. If I'm going to serve as a role model for them, I always feel I should do so as a doctor, a friend, or something else. I don't want them to think of me as an athlete.

Still, the person I am today has a lot to do with what I was able to gain from athletics. Sometimes I feel sorry that everybody cannot have the same athletic experiences that I did.

What athletes are trying to do on the field is almost always the same. They're pushing themselves beyond what they believe is their capability. They're organizing themselves to solve problems on the field. They may win or they may lose. I hope that those of us who are outside watching them—and who are supposed to be encouraging them—don't make them feel as if their effort is not worth it unless they win. If we look at athletes after athletics, and see the successes they have in the rest of their lives, that's where we may find the real purpose of sports.

Dr. Kwaku Ohene-Frempong, an All-Ivy soccer player and national champion hurdler in college, represented Ghana in the 1972 Olympics. He is now a professor of pediatrics at the University of Pennsylvania and president of the Sickle Cell Disease Association of America.

Irrelevance

by Evan Gahr

Here's one unusual group never featured on television talk shows: "Guys who don't like sports." Sounds bizarre, almost unfathomable, but they do exist. I'm one.

I'm completely oblivious to the athletic events that so consume most guys. World Series? Doesn't that happen in October?

Our culture encourages people to assume that their every personal feeling has grand social significance, but I'm here to say that my indifference to sports means nothing. Being the rare guy who doesn't follow sports gives me no "special sensitivity" to marginalized people, because I'm not marginalized from my fellow men. Most are clueless.

Other guys take it for granted that I'm an avid sports fan. At social events they'll say, "Yo, dude, that was a great game last night." I stare blankly. But they go right on talking about someone's home run. No one even notices.

If guys don't notice, women usually find my sports-less existence rather endearing. It probably helps that I don't patronize

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them. I don't try to prove my sensitivity by claiming to prefer activities based on mutual cooperation rather than competition. Since there is something a bit unmanly about disliking sports, I try to make sure women understand I haven't been entirely emasculated. I say, "I don't like baseball. Got that, sweetheart?" Usually that ends the discussion.

How did I get to my sports-free state? It goes back to childhood, but there's no wrenching tale. In elementary school, I was an avid New York Rangers and New York Mets fan. Then around eighth grade, for reasons that I still don't really understand, I lost all interest. There was no epiphany, no dramatic turning point. The attraction just dissipated.

At about the same time, I developed a passion for current affairs. Not that it was a trade-off. Pundits often talk about politics like it's a sport, but it's not. In any case, I never regained my interest.

When two friends finally dragged me to a Mets game the summer of my college freshman year, all the excitement was gone. (The fact that I was taking codeine on a dentist's orders—and spent several innings on my way back from the concession stand trying to find my friends—may have had something to do with that.) But other games have been equally uninspiring. Sports just plain lost their appeal for me. "Monday Night Football" just means that "Nightline" is on extra late. The one interest (besides women) that unites guys from all walks of life is irrelevant to me. But that doesn't bother me one bit. Don't try to feel my pain—because I don't have any.

Evan Gahr is a columnist for the New York Post.

Discipline

by Mark Gerson

When I taught U.S. history in a Jersey City, New Jersey high school last year, I discovered rather quickly that the most important factor in creating a positive classroom environment is discipline. Even something as mundane as talking in class is very destructive, because it creates a climate that gradually destroys concentration.

Discipline is possible only when students believe their teacher knows what is best for them. That requires trust. Among inner-city students like mine in Jersey City, such submission does not come easily. The combination of extreme egalitarianism, conspiracy theories, and racial tension gets in the way.

But it is possible to build trust and discipline. Because inner-city culture places such emphasis on physical prowess, a teacher can engender confidence by its display. Early on, I told the students that I would sponsor after-school games of pick-up basketball in which I would play. Everyone was welcome to participate, but they had best be aware that my team would invariably win, and that I could whip any of them in one-on-one if challenged.

I scheduled the first game two weeks in advance so that the students could get excited about it and brag about how they would destroy me. And they did. "You ain't got no game, Mr. Gerson. You be playin' with those white boys in Short Hills who don't run to the hoop when a black man steps on the court—they run home to Mommy and Daddy," said Jamal.

"All right, tough guy," I replied. "We'll see next Tuesday."

Tuesday came, and we all changed in the locker room. The trash-talking was so merciless that I wondered if my own team would try to show me up as well. The game started, and they were playing a style of basketball I detest. I like a controlled, passing, team game—and they were launching three-point shots when teammates were wide open under the basket. They would grab a rebound and race the length of the court only to miss a wild, though sometimes acrobatic, shot. Not my game at all, but one that I saw I could use to show them I was a better player.

I hit a couple of threes early on, but they were unimpressed. In playground ball, shooting is déclassé; one is supposed to beat his man off the dribble and go strong to the hoop. Fine. Walt was guarding me and talking up a storm. "Mr. Gerson, you ain't got nothin'. You can't beat me. Go back and play with the white boys."

I was getting aggravated because Walt was being rude to his teacher, but I couldn't give him detention in this circumstance. Instead, I grabbed a defensive rebound and dribbled down the court, stopping only to tell Walt that I would fake right at the top of the key, cross over, and leave him in the dust as I streaked the other way to the hoop. He grunted, indicating that he did not take me seriously. So I approached the top of the key, dribbling with my left hand, made a quick move to the right, taking Walt with me, then sliced back to the left and to the hoop for an easy lay-up.

Walt was obviously embarrassed as his teammates began to shout that he had been beaten by a white boy. Walt said that he was going to get me the same way. That would be impossible, I knew. Walt, like many undisciplined players, dribbled way too high. His high dribble was practically an invitation for a steal, and I told him so. He ignored me, and came at me halfway between half-court and the three-point arc. He tried an acceleration move, and I stuck out my left hand and knocked the ball loose, then recovered it and passed it to Jamal streaking down the court, who slammed it home in an uncontested dunk.

When word circulated that "Mr. Gerson got game," I had passed the first test necessary to earning their trust. Having bested them at their game on their court, I could not be dismissed easily in the classroom. I continued to use basketball to accumulate trust. Throughout the fall, I used a classroom game that a well-behaved class could play at the end of the period: Stump Mr. Gerson on the NBA. The rules were simple: If any student could stump me on a question relating to the NBA and I could not stump him back, the student would earn an "A" on the next test. But if any detentions were given during the class, there would be no game. The students wanted to play—they relished the opportunity to earn an easy "A" and show up their teacher—and they often disciplined classmates whose behavior might have canceled the game.

They would come in with obscure questions that I could not answer—how many points did Patrick Ewing score in a par-

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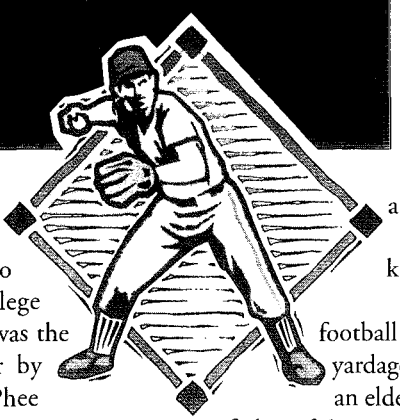
ticular game in 1989?—but their sense of basketball history was poor. No one knew, for instance, that Oscar Robertson went to the University of Cincinnati or that Wilt Chamberlain played his first professional ball with the Harlem Globetrotters. So no one ever won the game, though not for lack of trying. They asked fathers and uncles and any other knowledgeable adults about basketball history, hoping to be prepared for my questions.

Two of my students, Walt and Jamal, played on a school team and were fans of the NBA game as much as I am. So before their season started I bought them each a copy of John McPhee's *A Sense of Where You Are*, the classic book about Bill Bradley's senior season at Princeton. We had studied Senator Bradley in current events, so Walt and Jamal were able to place the book's subject in perspective. I instructed them to read the book carefully, and to study how Bradley—perhaps the greatest college player of all time—practiced his game. Bradley was the quintessentially disciplined player, a superstar by virtue of perfecting the fundamentals, and McPhee brings it out beautifully.

My arm was what gave me worth in the eyes of the world. Then suddenly my arm was gone.



The test of Walt and Jamal's understanding was given on the court. After school, we went to the gym and I told them to shoot like Bradley did on page 24 of the book—in the way he learned from Jerry West and Terry Dischinger. They looked in the book to refresh themselves, and knew exactly what to do. Jamal went first. He took a few quick dribbles, bouncing the last one especially hard off the floor. Then he slammed his foot against the floor and went up for a jump shot. (The hard dribble helps players jump higher, and the foot slamming prevents drifting on the jump.) Swish. Walt went next, and met with the same result.

The trust I had earned on the court made Jamal and Walt believe my basketball advice worthy of taking. And this translated into the advice, and disciplinings, I gave in the classroom as well.

Mark Gerson just finished his first year at Yale Law School. This article is adapted from his forthcoming book, In the Classroom.

Character

by Dave Shiflett

"Sports do not build character. They reveal it."
—Heywood Hale Broun

Sports have much to teach the young about character today. Unfortunately, among these things are just how petty, mean, and vicious people can be. Most of my family's sandlot sports experiences took place in Colorado, where the attitudes can be pretty rabid. Once, for instance, after a star running back transferred to my son's football team, the coach of the team he had left had the fellow followed by a private investigator to confirm that there really was a change of address that made him eligible for our team. The athlete in question was nine years old.

In Colorado and most other places today, the tradition of referee flogging has gone to extremes. Doesn't watching lawyers, tradesmen, and homemakers berate a referee for the sin of spotting a ball three inches south of "true" forward motion encourage a destructive attitude toward authority in our children? Occasionally today, parents will also fight amongst themselves, and even in rare circumstances attack children on opposing teams. I know because I've seen it.

At the close of a playoff battle with our chief football rival, one of our parents who was working the yardage chains on the field was punched in the face by an elderly gentleman who turned out to be the grandfather of the opposing team's star running back and the father of their coach. During another game, our boys were showered with spit by some of the opposing team's mothers. Only once in our sports history did we see an adult actually attack a child. It happened during a lacrosse game for 12-year-old boys. Before the game the opposing coach told his squad that beating our team was the most important thing in his life (I monitored his address from a nearby listening post). His team's response, however, was a slow start followed by steady decline. When one of his players had his legs chopped out from beneath him on a play, the enraged coach charged onto the field and put our player in a headlock. The boy had to wear a neck brace for a couple of weeks. After that season both our boys gave up organized sports, which was totally their decision. We are glad they played, and cherish most of the memories. We were equally glad when they hung up their cleats and the older one took up rock and roll.

There are so many examples of serious character problems among professional and college athletes today that the idea of the team "lineup" is taking on a whole new meaning. The list of athletes who have been dragged into the criminal-justice system recently is long, including such luminaries as Michael Irvin, Darryl Strawberry, Steve DeBerg, Jose Canseco, Marvin Hagler, Sugar Ray Leonard, Moses Malone, Barry Bonds, Scottie Pippen, Bobby Cox, Warren Moon, and Mike Tyson. The *Washington Post* points out that between January 1, 1989 (when O.J. Simpson pled "no contest" to spousal battery) and November 1994, 140 pro and college football players were reported for violence toward females. A study by researchers at Northeastern University and the University of Massachusetts, which reviewed 107 recent college sex-assault cases, found that while male athletes made up just three percent of the student body, they were involved in 19 percent of these incidents.

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The *Wall Street Journal* reported in 1994 that up to 75 percent of the players in the National Basketball Association were on drugs in the 1980s.

When Lawrence Phillips, star tailback at the University of Nebraska, attracted national attention last year following his assault on a former girlfriend, while several other players also faced assault and attempted murder charges for various incidents, Nebraska football coach Tom Osborne responded: "We've been portrayed as a Miami. Maybe we are, I don't know." That's a serious charge. A *Miami Herald* count found that fully one in seven of the football scholarship players at that school had been arrested while enrolled at the university.

When George Allen first tried to convince me to come to Washington to play for the Redskins, he said, "You'll be shocked at what happens in this town on Sunday."

What kind of message does all this send to young athletes? Basically, that loutish behavior is excusable if you're a good athlete. During the Harlem celebrations that attended the release of boxer Mike Tyson, a journalist asked the convicted rapist if he was sorry for his crime. Tyson booster Reverend William Crockett leapt in with this stunning defense: "Remember that lady who drove her two children into the river in South Carolina? Mike Tyson didn't do that. Remember Timothy McVeigh, who blew up the building in Oklahoma City? Mike Tyson didn't do that. Remember Jeffrey Dahmer, who ate people and put them in the refrigerator? Mike Tyson didn't do that." Now those are character standards worth shooting for.

These apologies for athletes of bad character may be having an effect. At the end of last year, a survey was conducted to find the 20 athletes Americans most admire. Three who made the list: O.J. Simpson, Mike Tyson, and Tonya Harding.

Dave Shiflett is a writer living in Virginia.

Love

by Dave Dravecky

Ever since backyard games of catch with my dad, baseball was my life. It's what I watched on TV when I was indoors. It's what I played when I went outdoors. It's what I read about when I sprawled on the living-room floor over the Sunday paper.

My life was wrapped up in baseball. And my life as a ball player was wrapped up in my arm. It wasn't long before that arm gained the attention of the neighborhood. When they chose up sides for sandlot ball, I was the one they all wanted on their team.

They wanted me for one reason—my arm.

It wasn't long before that arm caught the attention of the entire school, when, as a teenager, I pitched my first no-hitter. My name started showing up on the sports page. Before long it made the headlines. All because of my arm.

That arm attracted the attention of major-league scouts, and the part of me that was my boyhood became my livelihood. My ability to provide for my family was not based on how good of a personality I had, how smart I was, or how hard I worked. It was based solely on what my arm could do on game day.

My arm was to me what hands are to a concert pianist, what legs are to a ballerina, what feet are to a marathon runner. It's what people cheered me for, what they paid their hard-earned money to see. It's what made me valuable, what gave me worth, at least in the eyes of the world.

Then suddenly my arm was gone. How much of me went with it? How much of what people thought of me went with it?

I don't know. But I do know this. I should have grieved over the loss of my arm. It would have been the natural thing to do. It would have been the healthy thing. But I didn't. Instead I had a cavalier attitude about it. I joked around before surgery and waved the arm in the air, playing like it was saying goodbye to everyone. After surgery I called out to my friend: "Maybe now I can get a decent parking space; ya know, in one of those handicapped spaces."

In time, my grief would surface. But for now, I buried it deep inside where nobody could see it; so deep not even I could see it.

There was a sense in which it was a relief to have the arm amputated. I had been in such pain over the past year, and all the medication and radiation had done a number on me. I was so weak and weary from it all that having the arm taken off was like dropping a heavy backpack after a 25-mile hike. I felt better immediately.

I also felt apprehensive. I wondered how my son would react when he saw me. Would he be afraid? Would he feel sorry for me? Would he keep his distance? And what about my daughter? Would she be embarrassed when we went out to eat? How would she feel when people stared? How would my wife feel? What would she think about a man who couldn't tie his own shoes? Would she still find me attractive, or would she be repulsed to see me in my nakedness with my carved-up body?

When I came home from the hospital, I realized that all Jonathan wanted was to wrestle with me and play football on the lawn. All Tiffany wanted was to hug me. All Jan wanted was to have her husband back. They didn't care whether I had an arm or not.

As important as it had been to my boyhood, as important as it had been to my livelihood, my arm meant nothing to the people in my life who mattered the most. It was enough that I was alive and that I was home.

Dave Dravecky was a star pitcher for the San Francisco Giants until doctors discovered cancer in his pitching arm. It was amputated in June 1991. Taken from When You Can't Come Back, *by Dave and Jan Dravecky, Zondervan Publishing House.*

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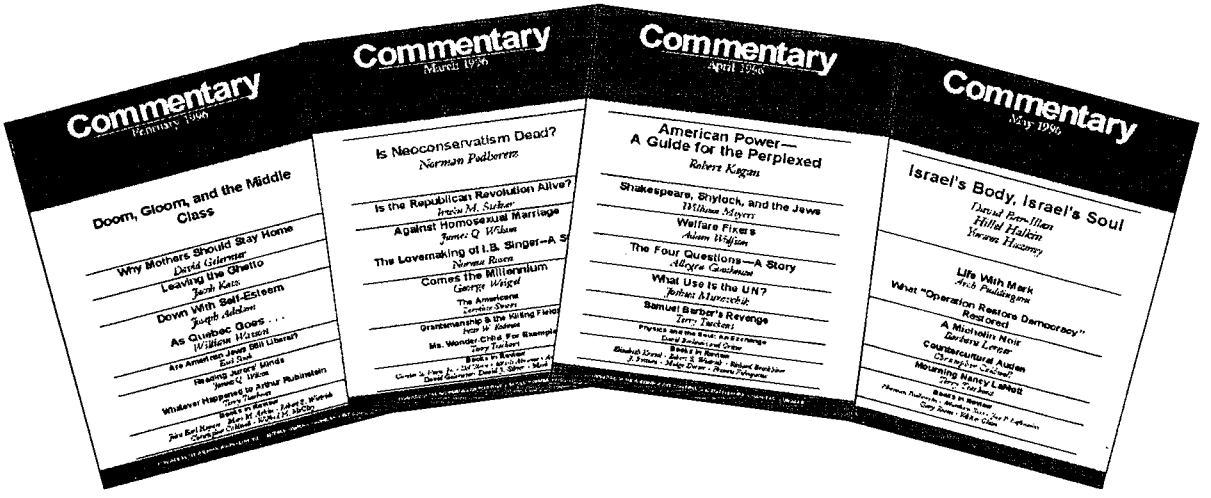

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In Real Life

THE DAILY WORK OF AMERICANS

LIFE IN "FLY-OVER" COUNTRY

By Blake Hurst

The commute to work is brutal, your enthusiasm for office politics is waning, and a local entrepreneur just tried to sell your kindergartner a controlled substance. You've always liked the outdoors, and there's something terribly appealing about the idea of small-town life, with its slower pace, friendly neighbors, and safe schools. So why not pack up the kids, the fax machine, the cellular phone, the modem, the executive Irish Setter, and move to "fly-over country"?

Well, yes, as a fifth-generation rural heartlander, I'll agree the crime rate is lower here, and that the views can be breathtaking. But let me pass along a few firsthand caveats for prospective telecommuters.

First, the phone lines. *Forbes ASAP* recently ran an article about a fellow who left the rat-race for the calmer pace of rural life. From his mountaintop, he ran a multimillion-dollar business with the help of every telecommunications device known to man. But here in Missouri, my local phone company can't support anything faster than a 2,400-baud modem and shows no interest in upgrading. I'm here to report that when you give instructions to a "spider" on the Internet with a 2,400-baud modem, the ether is full of snickering. So, before planning sojourns from some pastoral website, check the phone company.

Second, check the water. Rochelle married my friend Terry and moved to Elmo, Missouri (population 215), by way of Southern California and Kansas City. Soon after moving into her new home, a beautiful nineteenth-century Victorian farm house, she turned on the faucet. No water. She asked Terry how to call the water company. Terry informed her (1) there was no water company, (2) the well was down at the bottom of the hill, and finally (3) it was dry.

You see, many homes in the country depend on private wells for their water. And infrastructure crack-ups *always* come at the most inopportune times. My family spent one Christmas without water, for instance. The well was in a field where we were wintering the cows. On Christmas Eve, a cow climbed on top of the pump house and fell through. She broke the water line that supplied our house. The well house filled with water, floating a rather bemused bovine to the top. We lifted the cow out with a tractor and a chain, but the water line was frozen, and Christmas dinner was delayed 24 hours. Not to mention what the cow thought of her Christmas. We repaired the break in the water line in sub-zero weather. Cattle were also to blame when we spent the next Christmas (I'm not making this up) digging out my dad's septic tank and sewer line. Clearly, any "estate" in the country is only minutes from disaster.

Of course, no description of country life is complete without mention of the wildlife. The *Atlantic Monthly* recently carried an article about a man who had moved from the city to a bucolic village in Vermont nearly 20 years ago. He loved rural Vermont but suffered for two weeks every fall as his seemingly civilized neighbors cruelly hunted cute white-tail deer with big guns. Around here, we don't have those little acorn-fed rats-with-antlers that folks from Vermont call deer. Ours are corn-fed behemoths, and they are a real hazard. My car has racked up four deer, including one ten-point buck. We never travel at night alone. One person drives, and the other person serves as spotter.

EVERYBODY SHOULD TAKE IN KARAOKE AT THE HEADQUARTERS, A LOCAL WATERING HOLE, AT LEAST ONCE. BUT ONCE IS PROBABLY ENOUGH.

The anonymity of urban life is lost here in the country. Some time ago, a local fellow was carrying on with a waitress over at the truck stop. Their conversations on his cellular phone, discussing manuevers still illegal here in rural Missouri, were broadcast over everybody's scanner. (No small-town resident is fully equipped without a police scanner. When you are stopped for speeding, several hundred of your closest friends and neighbors are immediately tuned in to a live police drama.) Any trips to the hospital are common knowledge before the ambulance arrives (scanners again). People park down the street from the bar because the neighbors all know what kind of

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car you drive. For years, the most profitable liquor store in our county was located not on a high-traffic corner in town, but well out in the country. Better to drive a few extra miles than face the wrath of the deacons down at church on Sunday morning.

Any executive moving to the hinterlands should prepare for nocturnal visitors by purchasing a tow rope and a tractor. I've rescued drunks in fence rows, semitrailers in ditches, and hunters in places I wouldn't take a tank. When people visit from the city in their sport/utility vehicles, they tend to overestimate the efficacy of four-wheel drive. The only person I've ever regretted helping was the tax assessor, who was stranded along my road while raising my taxes. (Just kidding, Mr. Assessor.)

The entertainment options available to the rural CEO are limited. Everybody should take in karaoke at the Headquarters, a local watering hole, at least once. But once is probably enough. The Headquarters is the kind of place that has never heard of a no-smoking section. In fact, the waitresses allow time between the salad and the beef for everybody to light up a Marlboro. The house special is a rare prime rib that is almost as big as the belt buckle worn by the karaoke singer my wife and I heard the last time we visited. This prospective Nashville heartthrob prepared for his singing debut with several Jack Daniels-and-Cokes, the libation of choice at the Headquarters, and proceeded to belt out a rendition of the latest Garth Brooks ditty. He had a hat just like Garth's, but any similarity between the notes he sang and his computer-generated accompaniment was purely accidental. The crowd didn't mind. You can buy 16 ounces of prime beef there for $7.99; so the only profit for the proprietor is in the drinks that go with the meal, and by the time amateur night begins, the critical standards of the audience are not high.

But for the hardy business leader who wants to rough it, there are advantages to living where everybody knows your name, and where people care about what happens to you. And your self-reliance quotient will soar. The old song about New York goes: "if you can make it here, you can make it anywhere." But what New Yorker can fix his own plumbing, or rewire his house, or run the neighbor's cows off the road? No, country life isn't as idyllic as the business press suggests, but there is a certain satisfaction in knowing that you can cope with any outrage—because you have to.

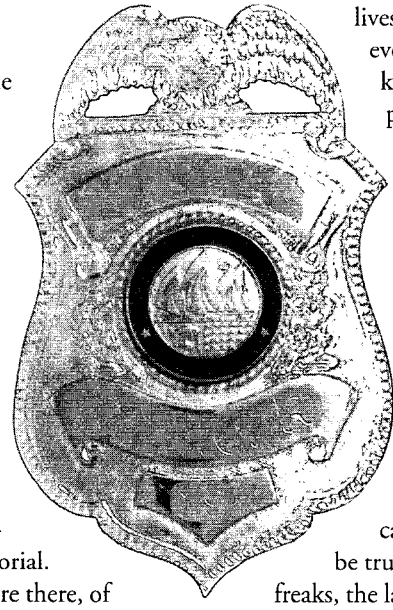
Blake Hurst writes for The American Enterprise *from "fly-over country."*

A BLUE MEMORIAL

by Raymond Wisher

I write this just after coming off work, on a sad day when I attended the funeral of a co-worker's baby girl. With a daughter of my own just a couple of months younger than the girl who died, I found the experience haunting.

The baby was sick and was being comforted by her mother when they both drifted off to sleep, the child in her mother's arms. When the mother awakened, the baby was dead. The father, a fellow police officer, had stepped out to get juice and things for his daughter, and when he came home the mother had just awakened and was screaming and trying CPR. The infant was rushed to the hospital but pronounced dead.



Today, our whole department stood in memorial. Friends of the family were there, of course. Two mothers of juvenile troublemakers whom the father had tried to help came in respect. And the church was filled with a sea of neatly pressed uniforms, men and women silent and somber, many of them captured by thoughts of their own young children. Police officers tend to be steely, but young parents outliving their children goes against the natural order of things.

Once everyone was seated, an honor guard of four officers escorted the parents and their remaining daughter, clutching a stuffed toy, down the center aisle. The father is a good and decent young black officer who came to Florida from Gary, Indiana, to raise his family in a better place. He became a cop to try to improve the world his children will grow up in. He, like the rest of us, is trained to save lives, to keep things under control. Yet he was powerless this time.

THE CHURCH WAS FILLED WITH A SEA OF NEATLY PRESSED UNIFORMS, MEN AND WOMEN SILENT AND SOMBER.

Throughout the service, the men and women in blue stood impassively. I thought the preacher looked confused. Maybe he didn't understand how we work.

You see, we spend all our lives trying to make sure everyone else is safe. We get killed; we get injured; it is part of our duty. Sometimes we are criticized by the people we protect, accused of being robots, called liars by lawyers who have no honor. We are often blamed for the ills of society, and left to deal with the consequences of abandoned personal responsibilities. We are avoided by the young because they are told we can't be trusted. We are stared at like freaks, the last reminders that there are still some limits that can't be broken. We are never invited to a home for dinner, though people demand we come to break up their fights. We live in a world that is dark, sad, and often evil because we believe it is better to fight in that world than to let it enter yours.

As I watched the honor guard usher the officer and his family back down the aisle, I saw utter agony wash over the father's face. But only for the briefest second.

Raymond Wisher is a Florida police detective.

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the Welfare Economist

Should Today's Fastest Growing Federal Assistance Program Be Roped In?

By George K. Yin

The Earned Income Tax Credit, or EITC, was enacted in 1975 to provide cash to low-income workers with children. The aim was to prevent these families from being taxed into poverty via their Social Security tax obligations, and to "make work pay" so that they would work more. Instead of just exempting such people from the payment of Social Security levies, Congress created a transfer program, administered by the IRS, that sent such workers a check compensating them for roughly what was withheld from their pay.

From modest beginnings, Congress has continually expanded the EITC until it now represents much more than just limited tax relief. It has become one of our largest assistance programs for low income Americans, and by far the fastest growing. (See table below.)

Spending for the EITC program this year will be almost half-again the size of the federal AFDC program, and current projections are for a $30 billion annual price tag by the end of this decade. A transfer program of this magnitude, I suggest, shouldn't be hidden in our tax code. It ought to be integrated directly into our welfare system where it can be administered by states and local communities, and subject to the same requirements and conditions now being imposed upon other public assistance transfers.

Why tinker with a popular program in this way? For one thing, because it may not be achieving its stated purpose of encouraging low-income persons to work more. You see, almost all current recipients obtain the benefit just once a year, in the form of a lump-sum check received after their tax return is filed. The IRS has expended considerable effort to encourage recipients to receive the benefit little-by-little in each paycheck, as is permitted under current law, but with almost no success. Moreover, many of the recipients use a tax return preparer to get their benefit, with the intermediary conveying little or no information about the reason for the benefit. The result is that EITC benefits may be perceived as an income tax refund, a product of the tax preparer's ingenuity, or simply a windfall, and not a reward for work effort. This mutes any significant influence the program might have on work levels.

To promote work, it would be more effective if EITC funds were used to finance the work requirements of welfare reform. The EITC is now one of the single biggest pots of economic assistance money for the poor, and folding it into the larger welfare system to be disbursed by states and local communities as all other aid is makes sense for the same reasons Congress is considering the devolution of welfare programs generally. For low-income workers who are outside the welfare system, it would make much more sense to simply refrain from collecting payroll taxes in the first place instead of trying to return those amounts to workers in the form of the EITC. A Social Security tax exemption could be administered easily by employers through an adjustment to the tax withholding tables, and the link between work and reward would become more evident—because instead of a lump sum arriving from the government at the end of the year, each paycheck would be fatter.

LOW-INCOME ASSISTANCE PROGRAMS

	1986 spending (billion $)	1996 spending (billion $)	percentage increase
EITC	1.7	24.4	1,335
SSI	9.3	24.5	163
Food Stamps & nutrition aid	16.6	34.7	109
AFDC	9.9	17.4	76

Source: *Budget of the U.S. Government.* 1996 figures are estimated.

A common claim about running the EITC as a tax program is that it is relatively free of bureaucracy, and therefore delivers benefits with low administrative costs. But this is misleading, because it only takes into account the governmental expenses of running the program. As every taxpayer knows, the IRS's budget is only a tiny fraction of the total price of operating our complicated tax system. The bulk of the administrative costs for any tax measure fall on taxpayers, who are forced to spend much time and money "voluntarily" complying with the tax law. The EITC program has these same hidden costs. The beneficiary must learn about the benefit, determine eligibility, maintain necessary records to support a claim, and understand and complete the forms. Moreover, a complicated tax-based benefit like the EITC frequently introduces one additional layer of administrative expense in the form of a tax return preparer. Why should federal dollars intended for the working poor be used to support accountants and tax advisors?

Moving the EITC out of the tax system would impose new budgetary discipline on the program. Recall its phenomenal 1,335 percent rate of growth over the last decade. How did that happen, given the

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If Earned Income Tax Credit funds were folded into the pot, efforts to reform welfare into a system for firmly leading recipients to work would become easier.

existence of huge federal budget deficits throughout that period? The answer: increases in the size and scope of the EITC program were treated for budget purposes as tax cuts rather than spending increases. Acknowledging that the EITC is really a low-income transfer program would allow it to be more fairly weighed and assessed against competing uses of the same funds.

Another strike against the presence of the EITC program in the tax system is the fact that it has been plagued by very high rates of error—in the range of 25-40 percent. That is higher than other welfare programs. And it is a natural consequence of the program being "self-administered" through the tax system, by beneficiaries with relatively low levels of education and familiarity with applicable rules.

Simplifying the program would reduce the error rate, but make it harder to target benefits correctly. And given the complexity of the rest of the tax system, simplification would not be easy. To take one example, there are important differences between our tax system's concept of income and an economic concept of income, with many items of economic income, such as child support, not being treated as taxable income. Congress decided early on to condition EITC eligibility on a broader notion of income, not just taxable income, so calculating eligibility requires the filer to add a whole host of nontaxable items to their official income totals. During the past year, Congress has gone even further by implementing a form of wealth test for EITC eligibility and by proposing to add even more nontaxable items into the claimant's income base.

These modifications may be perfectly justified; poverty is after all an economic condition, not some technical tax concept. The problem is that the tax system is not equipped to make the necessary determinations. Types of income that don't need to be included in taxable income often leave no paper trail to assist in filing and verification. As a result, the claims process becomes extremely burdensome. That scares genuinely needy people away from applying. And it results in errors and omissions by claimants.

There is another disadvantage to running the EITC program through our tax system. Like other poverty programs, the EITC ought to be aimed at the truly needy. The relevant test of this would be household economic circumstances—not just the income of an individual or married couple within the household. A single parent with low income might be living comfortably with others. A married couple with low income on their tax return might have a working adult child or parent in the household whose income keeps the family comfortable. Yet the tax system does not determine income information by household. So long as the EITC program remains part of the tax system, therefore, the household income of the recipient can't easily be made an eligibility factor.

On top of this, out and out fraud is a significant problem with the EITC, and this too is a quirky result of being part of the tax system. Our tax system relies on "self-assessment." In the case of EITC payments this instead becomes a process of "self-certification." Individuals declare themselves eligible for government benefits without having to encounter any person face-to-face. This provides lots of opportunities for cheating. The problem is compounded by the fact that most tax verification actions take place only after the money has already left the IRS—and tracking down and collecting erroneous $2,000 or $3,000 EITC claims that have already been mailed is not cost effective.

EITC fraud can be especially difficult for tax auditors to identify because, since the program awards greater benefits to claimants who report higher levels of income, cheating is accomplished by overstating your income level. IRS procedures, meanwhile, are all designed to ferret out income understatement. If taxpayers voluntarily choose to report income amounts in excess of those reflected in their records, the IRS is ordinarily in no position to rebuff such assertions.

It seems likely that a redistributive program linked to work-effort would have a more desirable effect on actual incentives if the program were administered by our transfer system rather than our tax system. Sad to say, what is needed to effectively administer a program like the EITC is a caseworker: a person who can explain rules and choices to potential beneficiaries, use discretion in difficult cases, and monitor the flow of public funds. I do not mean to glamorize the effectiveness of caseworkers, who often do little to encourage the self-sufficiency of their clients. But what the EITC does is replace the caseworker with either an IRS bureaucrat or a professional tax return preparer—or else leave no one at all to oversee dispersal of the government's funds. It is hard to see those solutions as improvements. If EITC funds were folded into the welfare funding pot, efforts to reform welfare into a system for firmly leading recipients to work would become easier.

Supporters of the existing EITC program might be concerned in the current political climate about putting it on-budget as a highly visible multi-billion dollar spending program for the poor. But in a sense that is exactly why the change I have proposed is needed. Lawmakers ought to be able to evaluate related policy instruments side-by-side. Programs should not be "hidden" in the tax system and therefore subject to a lower level of scrutiny. If the EITC can't garner sufficient political support to survive as a $30 billion-a-year portion of our welfare system, then perhaps there is good reason for it to be reduced.

George Yin is Harrison Foundation Research Professor at the University of Virginia School of Law and former tax counsel to the U.S. Senate Finance Committee. His book Taxing America *is forthcoming from New York University Press.*

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Flashback

To know nothing of what happened before you were born is to remain ever a child—*Cicero*

Ohio Historical Society

Our First Negro President?

Poor Warren Harding. His administration gave us historic reductions in federal taxation and spending; a major naval disarmament treaty; and freedom for Eugene V. Debs and other political prisoners jailed by Woodrow Wilson. Yet he is consistently rated a "failure" in polls of historians—polls which always deem the warmaking and state-building presidents "great."

If ever a black man has gotten a raw deal from a lily-white profession, it's Warren G. Harding.

Like so many American boys destined for glory, Warren married rich. He was a handsome and amiable Marion, Ohio newspaper publisher who took for his wife Florence Kling, the non-pulchritudinous daughter of Marion's wealthiest man. As a result, her father, Amos Kling, would not allow Florence to cross his threshold for 14 years—because he believed his son-in-law to have Negro blood.

So did many of the residents of Blooming Grove, Harding's birthplace. The President's partisans claimed the mixed-blood stories originated in a pre-Civil War dispute between Ohio Democrats and Harding's abolitionist forbears; whatever the source, some elderly locals said that the Hardings had long been regarded as mulattoes in Blooming Grove.

It took a scholarly Harding-hater to give the rumor wings. William E. Chancellor was a professor at Ohio's College of Wooster, and former superintendent of schools in Washington, D.C. He was a passionate supporter of Woodrow Wilson, segregation, and the League of Nations, none of which Harding could abide. Throughout the 1920 presidential campaign, Chancellor published broadsides asserting that "Warren Gamaliel Harding is not a white man.... [He] was always considered a colored boy and nicknamed accordingly." Chancellor's evidence? Four notarized affidavits from Blooming Grove old-timers.

The style of the pamphlets was luridly racist—Harding's father was "obviously a mulatto; he has thick lips, rolling eyes, chocolate skin"—and they created a sensation in Ohio and beyond. In New York, operatives passed out photos of the White House labeled "Uncle Tom's Cabin?" As many as 250,000 circulars may have been printed. Yet editors refused to touch the story. As muckraker Samuel Hopkins Adams later wrote, "In the annals of American journalism there has never been another case where so much was left unpublished on a topic of major and sensational interest."

Republicans denounced "whispering campaigns" and "scurrilities" without mentioning their substance. (Though one GOP-produced poster did reassure voters that "the Harding Stock" consisted of "the blood of English, German, Welsh, Irish, and Dutch.") The candidate himself said nothing. For as Pennsylvania pol Boies Penrose counseled, "Don't say a thing about it. From what I hear we've been having a lot of trouble holding the nigger vote lately."

Ultimately, Harding moved into the White House. And Chancellor was summarily fired from Wooster. But the professor persevered.

In 1922 the obscure Sentinal (sic) Press published *A Review of Facts*, a bizarre agglomeration of Harding rumors compiled by Chancellor. "Our first Negro President," the book asserted, "is big, lazy, slouching, confused, ignorant, affable, yellow, and cringing like a negro butler to the great." His boyhood nickname was "Nig"; he uses "cosmetics in order to make himself look more white than he really is."

The $5 book was sold door to door in Ohio and perhaps Washington, at least until Attorney General Harry Daugherty ordered the Bureau of Investigation into action. Bureau agents raided Sentinal Press, obtained a list of purchasers, and then ransacked Ohio, buying and seizing every copy of *A Review of Facts* they could find. They did a thorough job: only a handful of books are extant today, and they are among the greatest rarities of political Americana.

Investigator Gaston Means claimed that he burned "the entire edition" in a bonfire on "the rear grounds" of a Washington mansion. (Then again, the imaginative Means also said that Mrs. Harding poisoned her husband to save him from impeachment.)

In any case, President Harding died in 1923; Professor Chancellor outlived him by 40 years, always—strangely—denying authorship of the book that bore his name. Many black Harding families today claim kinship with the President. The Harding genealogy remains a mystery, though one that never seemed to trouble the easygoing Warren. As he once confided to an old friend who asked him about the rumor, "How do I know, Jim? One of my ancestors may have jumped the fence."

—Bill Kauffman

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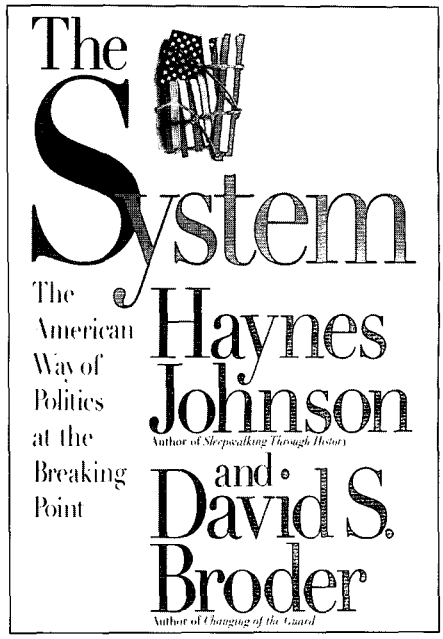
BookTalk



ALL THE PRESIDENT'S JOURNALISTS

By Doug Bandow

The System: The American Way of Politics at the Breaking Point
By Haynes Johnson and David Broder; Little, Brown, 668 pages, $25.95

Imagine: an idealistic president, dedicated to healing America's scandalously flawed medical system, takes office. To run his reform task force he chooses his equally idealistic wife, along with a too-smart-by-half policy nerd. The latter develops an admittedly complicated plan that attempts to combine just a tiny bit of regulation with a lot of market competition. Alas, evil interest groups and partisan Republicans vilify the President's proposal, shamelessly calling it "government-run health care." The President blunders, Democratic congressional leaders can't get their act together, liberal interest groups are disorganized, and a rare chance to do good is lost. We are left to wonder if "the System" is capable of meeting Americans' needs.

Such is the story told in *The System* by reporters Haynes Johnson and David Broder. Were this all the book offered, it would not be worth its price (or any price). But in addition to this misleading morality play, *The System* paints a fascinating picture of raw politics in action.

The story begins in the 1992 Clinton presidential campaign, as competing factions struggle for control of the health-care issue. Ira Magaziner, who had previously sought to reorganize Rhode Island's economy and promote cold fusion, emerges victorious. Then comes the wondrous task force, peopled by hundreds or even thousands of "experts." While Hillary is officially in charge, Magaziner drafts the plan. The resulting Health Security Act is a 1,342-page monstrosity.

Despite their otherwise almost psychotic attention to detail, Johnson and Broder don't bother to explain the actual content of the President's proposal: a National Health Board, the requirement for employer-provided insurance, a standard federal benefits package, Health Alliances, premium caps, regional spending limits, new medical-school regulations, pharmaceutical restrictions, mandatory insurance coverage, expanded Medicare benefits, tax hikes, subsidies for business, *ad infinitum*.

The opposition quickly develops an effective strategy—simply expose the plan for what it is: "government-run health care." The President complains that "we were...at a disadvantage." But it's not for lack of resources. He is, after all, President, and his party controls both houses of Congress. The administration is at a disadvantage because its plan is a Rube Goldberg scheme that cannot work.

Nothing seems to go right for the Clintonistas. Hillary Clinton's vilification of the insurance industry backfires after the revelation of her unusually profitable cattle trades. The President is buffeted by Troopergate and Whitewater. House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) is indicted. Left-wing Democrats war against centrist Democrats. Free-market activists, journalists, and think tanks work to turn the public against Clintoncare. Administration P.R. initiatives, like the "Health Security Express" bus tour, flop. And skittish Republican legislators finally realize that it's in their political interest to act like an opposition and oppose. In the end, Clintoncare crashes.

Johnson and Broder cover the story step by step. Unfortunately, the reader can't escape the authors' whining about the unfairness of it all: "A historic opportunity to improve the lives of all Americans was lost," etc.

The authors don't seem to understand health-care issues, or, for that matter, basic economics and government operations. They treat inadequate insurance and overcrowded urban hospitals as if they resulted from, say, sunspots. Actually, federal programs and tax policies have led third parties to cover three-fourths of the nation's medical expenses. The natural result of separating demand from payment and people from their insurance has been to make medical care expensive and bureaucratic, to discourage portable and guaranteed insurance, to shift costs throughout the system, and so on.

The authors also fail to understand the complexities of the Clinton plan, especially the fact that by simply forcing an expansion of existing insurance coverage and benefits it would have worsened the problem of third-party payment, further inflating the demand for medical services. That, in turn, would require either tax hikes or government-mandated rationing—as explicitly envisioned in the Health Security Act's premium limits and Health Alliances. Nor do the authors seem to understand that an employer mandate would raise worker costs, which would require firms to either cut workers, lower wages, or raise prices. In fact, for journalists purporting to be scrupulous in ferreting out the facts, they are quite cavalier in tarring

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as "largely false" the criticism that Clintoncare "would mean not only lower wages and fewer jobs but less freedom to choose a doctor, a hospital, or an insurer... more bureaucracy and lower-quality care." Given the plan's perverse incentives, these things were actually inevitable.

Johnson and Broder worry about "the System" as only Washington pundits would: Are we descending into Social Darwinism? Can we stop the "public interest" from being overruled by "private interests"? How was "a powerful minority" able to "manipulate opinion to defeat a reform desired by the majority"? Can the American republic survive? In reality, these concerns would have been more pressing had the Clintons succeeded in imposing their plan on the country than they are today.

That the Clintoncare fight was close shows how grievously "the System" is flawed. And the most important flaw is political hubris: the belief that government can solve all ills; that legislators who have, as Johnson and Broder admit, no "expertise on the subject," ought to micro-manage health care for 260 million Americans. In the end, we should thank our Founders that "the System" worked as intended in this case, so that perhaps the most extreme social engineering proposal ever advanced in this nation finally collapsed.

Doug Bandow is a senior fellow at the Cato Institute and author of The Politics of Envy: Statism as Theology.

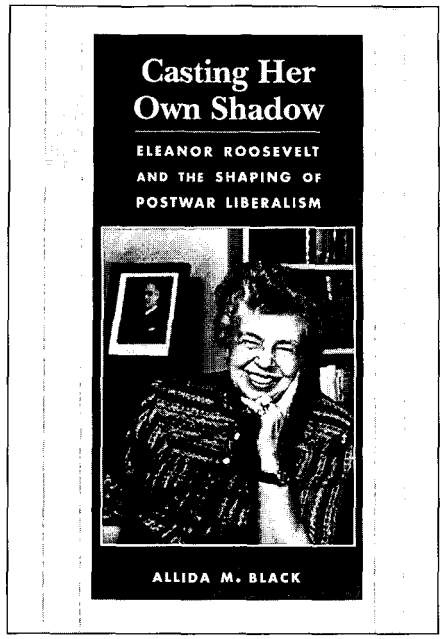
SHE MEANT WELL

By Alan Pell Crawford

Casting Her Own Shadow: Eleanor Roosevelt and the Shaping of Postwar Liberalism
By Allida M. Black; Columbia University Press, 300 pages, $29.95

In late spring of 1940, Eleanor Roosevelt traveled to Arthurdale, West Virginia, a settlement for hard-pressed Appalachian coal miners and their families created through a New Deal program that the First Lady had championed. Arthurdale consisted of a school, community center, craft shop, and 50 dwellings inhabited by families who—the theory went—would someday repay the government for its investment.

When Mrs. Roosevelt arrived, she discovered to her dismay that the homesteaders had grown to depend on her personal efforts. Things had come to such a pass that, when their school bus



broke down, they sent it to the White House garage for repairs. "'Deeply disillusioned' at the sight of what she now recognized as a frightful loss of initiative," she admitted later that these beneficiaries of New Deal largesse "seemed to feel the solution to all their problems was to turn to government."

This story is told, not in Allida M. Black's new study of "America's foremost postwar liberal," but in *No Ordinary Time*, Doris Kearns Goodwin's portrait of the Roosevelts in World War II. Black includes no such revealing anecdotes in *Casting Her Own Shadow*, a scrupulously researched if frequently obtuse book devoted almost solely to Mrs. Roosevelt's good intentions. The author seems uninterested in—or blind to—their effect.

Eleanor Roosevelt's "deep disillusion" must have been short-lived, for during her remaining 24 years she was a crusader of extraordinary tenacity and courage who believed the solution to virtually every social ill could be engineered in Washington. From 1933 to 1945, this dynamo of national uplift wrote six books, 200 magazine pieces, and more than 2,500 newspaper articles. At its peak, her "My Day" column reached 4.5 million readers of 48 newspapers. She also delivered more than 70 speeches a year, politicking all the while.

Mrs. Roosevelt worked tirelessly for the Democratic Party of New York, sat on the boards of national civil-rights organizations, and served twice as U.S. representative to the United Nations. By the late 1950s, when the dithering Adlai Stevenson enjoyed her patronage and the eager young JFK lusted for it, she had become, according to Black, "the consummate liberal power broker."

While Eleanor Roosevelt's significance is undeniable, this claim, like others in *Casting Her Own Shadow*, is the work of an author somewhat more enamored of her subject than behooves a historian. An assistant professor of history at George Washington University, Black is at her best when she sticks close to her sources and at her worst when she allows her sometimes strident ideology to intervene. She makes a persuasive case, for example, that Mrs. Roosevelt was shrewder than previously believed and far more formidable a politician. But she also suggests, somewhat less convincingly, that the First Lady would have been better off without FDR, who is depicted in these pages as *her* old ball-and-chain.

More "progressive" than Franklin, Eleanor said that she would have voted for the Socialist candidate Norman Thomas in 1932, had she not been married to the Squire of Hyde Park. There is little question whom Black would have preferred. With time, Eleanor would realize "that FDR's death expanded, rather than limited, her sphere of influence," that she could push her left-of-center enthusiasms with greater abandon in his absence. How lucky for her.

Where these enthusiasms would lead is a question Black leaves unexamined. The consequences of the policies Mrs. Roosevelt promoted—wholesale slum clearance during a housing shortage, for example—would seem hardly irrelevant to any study of a figure presented as a "consummate political realist." Black also ignores the origins and development of Eleanor's

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political thought, leaving the reader to wonder whether it developed at all. The Arthurdale, West Virginia episode, which she witnessed rather early in her career, seems to have left no lasting mark.

That this admirable woman felt our pain is undeniable. Whether the programs she sponsored with such regal certitude eased that pain or exacerbated it is another question altogether, and one that goes unanswered and unasked in this book.

Alan Pell Crawford, author of Thunder on the Right: The 'New Right' and the Politics of Resentment, *is senior counselor with Martin Public Relations in Richmond, Virginia.*

CAN THE MUMMY WALK?

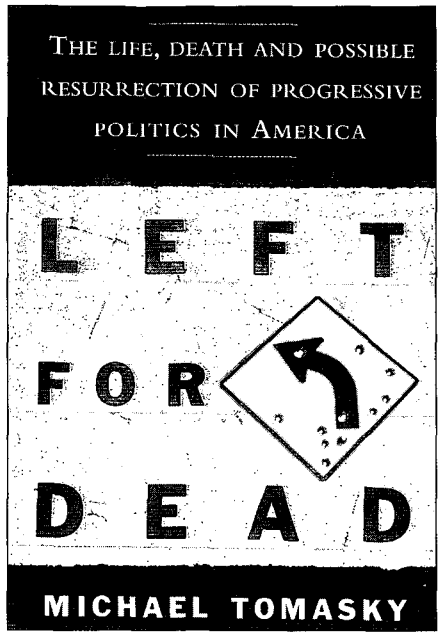
By Samuel Francis

Left For Dead: The Life, Death, and Possible Resurrection of Progressive Politics in America
By Michael Tomasky;
Free Press, 214 pages, $23

A new genre of public commentary seems to have evolved which might be called "political autopsy." Its practitioners dwell on the theme that the categories of "Left" and "Right" are no longer meaningful. These morticians appear to be correct, given recent political conflicts over trade, immigration, foreign policy, and the counter-terrorist policies of the federal government. Yet those who ring the death knells of these ideological categories are often trying to raise them from their graves. Certainly that is the mission Michael Tomasky has assigned himself in a kind of funerary companion to David Frum's *Dead Right.*

Tomasky's main argument is that the Left is now defunct because it has abandoned what he calls "Enlightenment universalism," and cloaked itself instead in an "identity politics." Left-wing advocates of identity politics hold that "it's not universal rights and bonds...that elevate people and give them power, but their own particular histories and involuntary affiliations—be they cultural, racial, ethnic, or gender-based—that enable them to act politically." The Left can rise from the tomb, Tomasky argues, but only by somehow synthesizing liberal "Enlightenment" views with what he takes to be the "legitimate" issues raised by identity politics.

It is not clear that can be done. "Identity movements" like Louis Farrakhan's racial nationalism, or authoritarian feminism and multiculturalism, display many anti-liberal tendencies and much indifference to the individual rights and liberties for which the historic Enlightenment Left fought. Efforts to combine such movements with old liberalism face a virtually insurmountable paradox: The whole point of the Enlightenment's universalism was to emancipate people from "particular histories and involuntary affiliations." A politics that defends those histories and affiliations is not of the Left but of the Right.



Tomasky repeatedly beats the Left over the head with the irony that today's Right has captured the rhetoric and ethics of the Enlightenment (he even cites Pat Buchanan endorsing the good old Enlightenment principle of "equality of opportunity"). In Tomasky's view, the Left needs to do two things: first, recapture the belief in universal rights, democracy, and reason—envisioned not as dead ends but as processes that can and must be improved. Second, respect natural group identities, but do so in a way that stretches people's affiliations beyond the simple definitions of race, ethnicity, gender, and sexual orientation.

This sounds nice, but it's easier said than done. Those elements of contemporary leftism that Tomasky most dislikes—its snobbery, hostility to working-class whites, and "increased identification with selected liberal elites"—derive directly from the Enlightenment legacy. It is most Enlightened of Hillary Clinton to avow that "she's not some little woman standing by her man like Tammy Wynette," or that she had better things to do in life than "stay home and bake cookies." This is rejection of the "involuntary affiliation" of pre-Enlightened womanhood. It is most Enlightened for the Left to demand laws against hate speech, despite Tomasky's dislike of such measures, since emancipating people from "hate" and "bias" by force of the state was a central project of the Enlightenment. It is most Enlightened for the Left to insist on gun control, despite Tomasky's advice to give it up ("while we're defending amendments, let's not exclude the Second"), because gun control reflects the Enlightenment's faith in elite control, state engineering, and managed emancipation from the "irrational" proclivities of the masses.

Tomasky's ideal Left would in many ways resemble a real Right (rather than the Enlightenment Right that now flourishes or the historic Left that the Enlightenment Right emulates). But it would repel those who have been drawn to the Left by the very vices Mr. Tomasky criticizes. So the ideological cadaver Tomasky seeks to resuscitate seems unlikely to wander very far from its slab in the morgue.

Samuel Francis is a nationally syndicated columnist.

AL GORE'S NEWEST HORROR STORY

By John Baden and Douglas S. Noonan

Our Stolen Future
By Theo Colborn, Dianne Dumanoski, and John Peterson Myers;
Dutton, 306 pages, $24.95

Our Stolen Future portrays a frightening world where synthetic chemicals assault our fertility, intelligence, and survival. But instead of delivering

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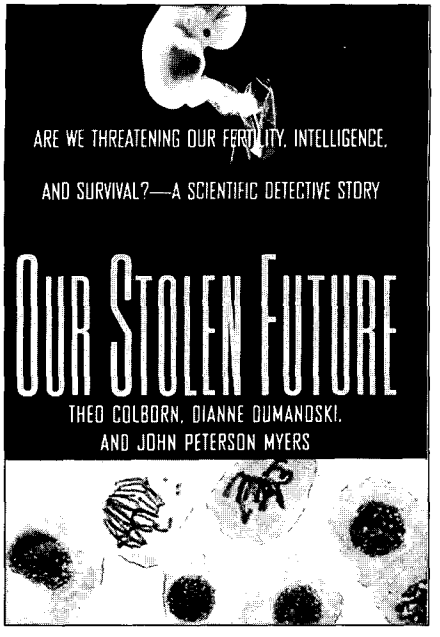
substance, it capitalizes on hype. It hit bookstores just in time for Earth Day, and on the heels of the National Academy of Sciences' investigation of synthetic estrogens. Thanks to the big behind-the-scenes boost given to the book by Fenton Communications—the same P.R. firm that ginned up the 1989 Alar-



on-apples scare—the book received coverage in nearly all national media, and backing from hip cultural figures like Robert Redford.

The book's message is dramatic, urgent, and personal: In a terrible "Faustian bargain," we have bought technological progress at the price of the environment, the well-being of our children, and perhaps even our survival. Touted as a "scientific detective story," the book combines suspenseful narrative and apocalyptic overtones into a real page-turner. Ambiguous prophecies of "fates worse than extinction," of terrible forces that are "slow, invisible, and indirect," are bandied about darkly.

The villains are chemical manufacturers and profiteering corporations. Synthetic chemicals, the authors say, are disrupting human hormones and causing widespread developmental abnormalities. The authors suggest that synthetic chemicals could potentially be responsible for nearly every prominent social ill. Poverty, educational breakdown, crime, homosexuality, deteriorating family life—these may all be the fault of corporations like DuPont and Dow Corning.

Actually, hormone disrupters are poorly understood, and there is no conclusive evidence linking developmental problems and environmental chemicals. The science behind *Our Stolen Future* is unorthodox. It indicts the very concept of causality, and other basic tools of the scientific method that have been used to challenge environmental claims. Indeed, it rejects the scientific method itself as Enlightenment arrogance. That kind of thinking, the book argues, is what got us into this mess in the first place. A new wave of thinking, "eco-epidemiology," is now required.

This brings to mind the debate over global warming. Problems in human reproduction and development, like climate change, can only be reliably observed over long periods of time. Links between plastic lining in beer cans and illiteracy are about as tenuous as links between chlorofluorocarbons and the 1996 blizzard in New England. But the authors are very clever. They display short-term tragedies and augur long-term catastrophes. So none of their claims can be disproved in the near future.

The marketing appeal of the synthetic chemical scare far surpasses that of global-warming alarmists. It is racy and anecdotal: Synthetic chemicals affect our sexuality; they are so prevalent no one can escape them. Painful, personal experiences pile up. One couple's dreams of a family are ruined by DES, another sees their children's future spoiled by DDT, a third is rendered infertile by declining sperm counts. Al Gore, who wrote the introduction for this book, invokes children three times.

Fortunately, *Our Stolen Future* will not become the next *Silent Spring*. Reputable critics have trashed the book for all manner of scientific and logical flaws. And after repeated wolf-calling, the public has become more jaded and cynical about predictions of ecological catastrophe.

John A. Baden is chairman of the Foundation for Research on Economics and the Environment (FREE), where Douglas S. Noonan is a research assistant.

A REGULAR REVIEW OF CLASSIC, OVER-LOOKED, NEWLY RELEVANT, OR OTHERWISE DESERVING OLDER BOOKS

OLIVER THE ROUGH-RIDER

By Brian Hook

Oliver Cromwell
By Theodore Roosevelt;
Charles Scribner's Sons, 1906

"Far better it is to dare mighty things, to win glorious triumphs, even though checkered by failure, than to take rank with those poor spirits who neither enjoy much nor suffer much, because they live in the gray twilight that knows not victory or defeat." Theodore Roosevelt both wrote and lived this manifesto. Mayor of New York City, Assistant Secretary of the Navy, Governor of New York, President of the United States, and winner of the Nobel Peace Prize—such were Roosevelt's political achievements prior to his forty-fourth birthday. He was also a soldier. Lieutenant Colonel Roosevelt led the charge of the Rough Riders at the Battle of San Juan Hill during the Spanish-American War. Somehow Roosevelt also found time to hunt wild game in Africa for 10 months and pioneer an expedition deep into the Brazilian jungle down the unexplored River of Doubt. But T.R. was not exclusively a man of action; he was also a distinguished writer.

Roosevelt's published works include three biographies, the most thoughtful of which appraises the life of Oliver Cromwell. It was written in 1899, during his first term as governor. Roosevelt was feeling so beleaguered by the cares of state that he left Albany for one month's vacation. He ensconced himself at Sagamore Hill and an-

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nounced that he planned to do nothing but rest. Over the next four weeks he dictated a 260-page biography of Oliver Cromwell. Such was Roosevelt's idea of taking it easy.

Roosevelt wrote his book on Cromwell to describe how the Puritan Revolution had "bearings upon the later movements for political and religious freedom in England...and... America." In Roosevelt's estimation, Cromwell was the greatest soldier-statesman of the seventeenth century. While Cromwell's failings are also given their due, the emphasis throughout is on the greatness of the man. This heroic treatment is a rare treat in our leveling age.

Cromwell restored order to an England ravaged by two civil wars initiated by King Charles I. Roosevelt taints Charles as incurably treacherous and mendacious. We witness Charles dissolve one Parliament after another until 1642, when he flees London for Nottingham and declares war. Roosevelt chronicles the significant battles that occurred between the Royalists and Parliament over the next six years. Roosevelt vividly describes the Battle of Marston Moor, where the Royalist troops were shocked and then dispersed by Cromwell's mass of tightly knit men, clad in iron, charging furiously, knee to knee into the breach, bellowing Psalm 115. Cromwell's verdict on the battle: "God made them as stubble to our swords." The outcomes at Naseby, Preston, Dunbar, and Worcester were no different.

The English Civil War ended at Preston in 1648. Cromwell returned victoriously to London with his army, and forthwith purged the Parliament of men loyal to Charles. Cromwell offered Charles a political settlement that would have meant a continuation of the monarchy, but the King refused. So Charles mounted the scaffold on January 30, 1649, and was beheaded. The monarchy was abolished for the first time in English history, and England was suddenly a commonwealth, in title at least. It remained a welter of religious and political factions, all grasping for the reins of state. Amid these storms, Cromwell reluctantly established personal rule, which took the form of a benevolent dictatorship. Roosevelt urges that "In criticizing Cromwell, however, we must remember that generally in such cases an even greater share of blame must attach to the nation than to the man.... When the people will not or cannot work together; or when they let power slip from their hands through sheer supine indifference; then they have themselves chiefly to blame if the power is grasped by stronger hands."

Revolutions often temporarily unite a cluster of otherwise antagonistic groups against a common foe. At the end of all successful revolutions the challenge becomes establishment and maintenance of order. If moderation and compromise are not pursued by all, then anarchy reigns until one strong man restores order by forcing himself to the front and laying his firm hand upon the armies.

Cromwell saved England from anarchy in this way. He executed Charles to prevent him from starting a third civil war. And Roosevelt endorses this decision: "In great crises it may be necessary to overturn constitutions or disregard statutes." The moment such a remedy becomes habitual, however, "it is a proof that the society is going backward." The Lord Protector eventually failed because he could not replace arbitrary rule with the rule of law. The Puritan Revolution was impermanent because Cromwell failed to see the importance of "questions of form—that is, of law—in securing liberty." When Cromwell died, the Revolution died with him.

Roosevelt teaches that the founding of a liberal republic requires at least four ingredients: clearly articulated political principles; statesmen of pre-eminent wisdom who understand the necessity of permanent forms to secure those principles; a man of moral integrity to lead a nation through the perilous transition to the new modes and orders; and a people morally fit to receive them. Cromwell was a principled commander-in-chief, but he lacked an understanding of republican institutions (owing to an indifference to theory), and also lacked a people morally prepared to adopt them. They were incapable of self-government.

In the American Revolution, by contrast, and the subsequent ratification of the Constitution, each of the four necessary requirements were present. Washington, a man of moral greatness, led his nation successfully through the fiery ordeal of revolutionary war. He and his fellow citizens fought for the high principles articulated in the Declaration of Independence. But Washington did what Cromwell could never bring himself to do: he laid down his sword. Washington then turned to those leading men of the age who possessed the wisdom necessary to establish the forms, e.g., separation of powers, checks and balances, and other institutions, necessary for securing life, liberty, and the pursuit of happiness. As for the American people themselves, they were animated by that virile republican determination so celebrated by Publius in *Federalist 39*. They neither needed nor would have tolerated a Cromwell.

One might argue that the Puritan Revolution sowed seeds that finally bloomed in the American Revolution. Certainly Roosevelt expresses the great debt America owes Cromwell, who dared that first step toward securing the blessings of freedom. Roosevelt ably demonstrates the common thread running through both epochal revolutions, namely, that Cromwell and America revolted against an English monarch in the name of individual freedom and religious liberty. Out of these revolutions Roosevelt culls numerous political lessons that are perhaps more relevant today than in 1899. He reminds us not only of the difficulties of founding a modern republic, but most importantly of the hardy virtues necessary to sustain it.

Brian Hook is a graduate student in philosophy at Boston College.

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EDITED BY MARTIN MORSE WOOSTER

the Digest

SUMMARIES OF IMPORTANT NEW RESEARCH FROM THE NATION'S UNIVERSITIES, THINK TANKS, AND INVESTIGATIVE PUBLICATIONS

POLITICS

UNderachiever

Joshua Muravchik, "What Use is the U.N.?" in Commentary *(April 1996), 165 East 56th Street, New York, New York 10022.*

Last year the United Nations commemorated its fiftieth anniversary, but the American Enterprise Institute's Joshua Muravchik believes that the U.N. shouldn't celebrate—because it stands for little more than "cowardice, buck-passing, and appeasement." The U.N.'s large, cumbersome agencies mostly pay bureaucrats large sums of money to generate paperwork. Its official statement commemorating its fiftieth anniversary, for example, was written after 32 committee meetings.

When the U.N. does produce something, it's often hypocritical. Take the Commission on Human Rights: it "invariably includes representatives of the most brutal dictatorships on earth," so that on human rights issues, "the world body has proven nothing short of a farce." While the U.N. routinely issues reports condemning alleged human rights abuses in Israel and the United States, it remains silent about the far more serious restrictions on freedom in, say, China and Saudi Arabia.

Nor has the U.N. advanced the prosperity of the Third World. In the 1950s and '60s, U.N. development experts promoted the notion that the ghost of "dependency," could only be exorcised if emerging economies erected high tariff barriers to protect domestic businesses. By following the U.N.'s advice, these nations have "paid the price in decades of stagnation."

The U.N. has also done little to prevent war. It claims to preserve the peace and prevent aggression through "collective security," whereby members join their armies to repel aggressors. But it has only invoked the collective security provisions of its charter twice—against North Korea in 1950 and against Iraq in 1991. Both wars featured American-led coalitions, and "in both cases, America would have acted even in the absence of the U.N."

Although the U.N. may serve as a global discussion forum, the notion that the United Nations preserves world peace is an illusion. "The critical agency for securing peace in our time," Muravchik writes, "is not the U.N. but the U.S."

True and False Compassion

Clifford Orwin, "Distant Compassion: CNN and Borrioboola-Gha," in The National Interest *(Spring 1996), 1112 16th Street N.W. #540, Washington, D.C. 20036.*

In recent years, television has played a substantial role in foreign policy. U.S. troops have gone to Bosnia, Somalia, and Haiti largely because of the daily broadcast of stories about the troubled Third World. But as Orwin of the University of Toronto notes, long-distance compassion is centuries old.

For over 200 years philosophers have observed that we are more compassionate towards our family and friends than towards strangers. People are also moved more by stories of individual suffering than by mindless mass slaughter. Thus television, Orwin argues, leads Western forces to intervene in developing nations ineffectually. Since journalists are as eager to produce stories of maimed or murdered soldiers as they are to file reports on Third World suffering, Western forces have to provide aid while simultaneously not doing anything that might result in death or serious injury. "A skeptic might conclude that as it is on television that the evil comes to light," Orwin writes, "so that is where it must be combated; images of actual suffering are neutralized by ones of symbolic concern."

"Televised misery resembles the hydra," Orwin adds. "It persists (if sometimes with a new head) no matter how hard we attack it." One week television journalists beg us to care about the Bosnians, the next week the Chechens, as newer, fresher causes "siphon air time and humanitarian sentiment from older, tedious, and intractable ones."

How many nightly stories on war-torn countries will viewers respond to, Orwin asks, before they cease to care about the plight of people overseas? Rousseau once observed that "it is by dint of death and suffering that priests and doctors become pitiless." Might overexposed television viewers also harden their hearts to the problems of those in distant lands?

ECONOMICS

Business and Virtue

Michael Novak, "Profits With Honor," in Policy Review *(May/June 1996), Heritage Foundation, 214 Massachusetts Avenue N.E., Washington, D.C. 20002.*

Debate has recently raged over the "social responsibilities" of business, but AEI's Novak believes that ethics in the business world should go deeper than simply donating money to charity or not laying off workers. "The business corporation *is in its essence a moral institution,*"

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Novak writes, "and by its own internal logic and inherent moral drive, business *requires* moral conduct."

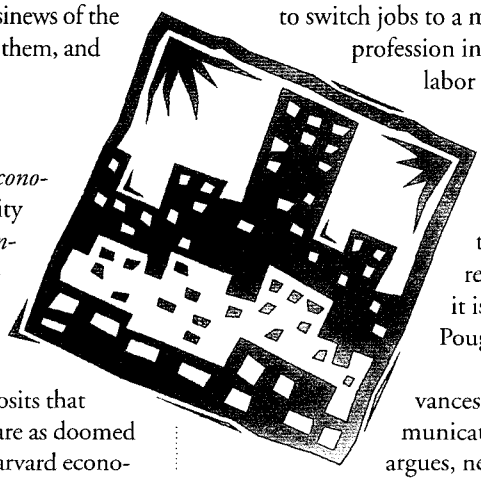
A businessman's fundamental obligation, Novak argues, is to provide goods and services that people need and to make a reasonable profit. It's only by creating new wealth that new jobs can be created; only with new wealth can the poor steadily advance. Societies where wealth creation is stagnant, and small businesses do not form, ultimately resemble those of Latin America, where "envy, leveling, and *ressentiment* fester and multiply." Moreover, steadily rising business wealth is the foundation of most charitable giving and private aid to the unfortunate.

Corporations also have responsibilities to workers and society. Workers should be treated with respect, and bosses should work to help their employees excel in their jobs. The heads of corporations should also be virtuous. They should support the rule of law by not engaging in illegal activity. And to reduce envy among their workers, executives should avoid "conspicuous privilege, ostentation, and other forms of behavior." As with "other forms of justice and love," Novak remarks, "social justice begins at home." But executives should also encourage their employees to work to make the world a better place. While businesses themselves should not be welfare organizations, they should encourage workers to volunteer for activities that aid others.

America, Novak argues, needs more business leaders willing to pursue a virtuous life instead of degrading our culture. "Traditional virtues—sustained by people of business in their private and public lives—are the muscles, ligaments, and sinews of the free society," he writes. "Cut them, and you have paralyzed liberty."

Useful Cities

Edward L. Glaeser, "Why Economists Still Like Cities," in City Journal *(Spring 1996), Manhattan Institute, 52 Vanderbilt Avenue, New York, New York 10017.*



Conventional wisdom posits that many American cities are as doomed as obsolete factories. But Harvard economist Glaeser argues that many cities are successfully transforming themselves into livelier and more prosperous metropolises.

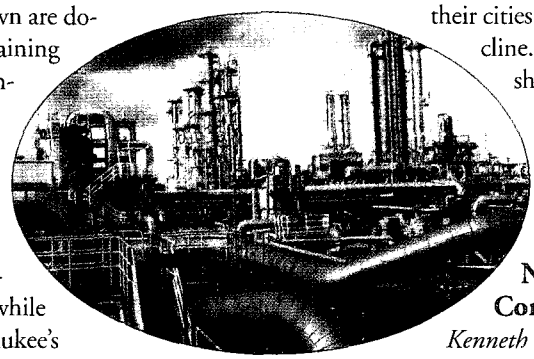
In the nineteenth century, American cities became manufacturing centers because they presented large businesses with ready-made markets. But during the twentieth century, transportation costs have steadily fallen, consumer tastes have become more specialized, and manufacturers have migrated to the suburbs and the countryside, where land is cheaper and on-ramps to the interstates plentiful.

This shift of plants to the suburbs need not sap the economic vitality of cities, Glaeser argues. Cities where brainwork has displaced brawn are doing well and are gaining population. For instance, Madison, Wisconsin, home to a state university, has increased its population by 50 percent since 1960, while blue-collar Milwaukee's population has dropped by a third. Glaeser estimates that between 1970 and 1990, every one-grade increase in the average education completed in a city ensured that the city would grow by 8 percent.

Concentrating smart people in one area, Glaeser adds, ensures that jobs and opportunities multiply. There are many more niches for specialized entrepreneurs in cities than in the country; the Manhattan Yellow Pages, for example, list one tie renovator, three sellers of nautical equipment, and one person who makes a living selling papayas. Workers also find it easier to switch jobs to a more lucrative profession in a large urban labor market. It's much easier for a lawyer in Philadelphia to start selling real estate than it is for one in Poughkeepsie.

Nor do advances in telecommunications, Glaeser argues, necessarily lessen the cities' competitive advantages. Faxes and e-mail make sending and getting information easier, but are no substitute for a productive business meeting. Similarly, teaching someone complex knowledge (how to install fancy software, or to demonstrate a new surgical procedure) is more easily done in person than over the phone or the computer. Nor can e-mail substitute for the unplanned exchanges of information that take place during social gatherings of professionals.

City politicians should do their part by ensuring high-quality services and by reducing the red tape that chokes innovation and growth. But they shouldn't assume their cities are fated to decline. "The basic forces shaping the Information Age economy," Glaeser writes, "bode very well for cities."



Natural Gas and Competition

Kenneth W. Costello and Daniel J. Duann, "Turning up the Heat in the Natural Gas Industry," in Regulation *(Number 1, 1996), Cato Institute, 1000 Massachusetts Avenue N.W., Washington, D.C. 20001.*

Consumers in the 1980s benefited from the gradual deregulation of natural gas. Between 1978 and 1993, controls on the sale of natural gas from the wellhead were first reduced and then eliminated. Other reforms offered local distribution companies more flexibility in choosing suppliers and provided some freedom in how these companies set their prices.

These reforms have made the natural gas industry efficient and productive. Between 1984 and 1993, the average retail price of natural gas fell by 16 percent, saving consumers over $100 billion. Productivity in pipeline and distribution companies has increased by 24 percent during this period. But Costello of the National Regulatory Research Institute and consultant Duann suggest that more deregulation is needed.

Traditional command-and-control natural gas regulation assumed that a local distributor should be "bundled" with a

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particular supplier—a combination that was allegedly a "natural monopoly." While some unbundling has occurred, true competition won't take place as long as "anachronistic pricing, obligation-to-serve, and other rules remain in place." These outdated rules, Costello and Duann say, should be scrapped. and suppliers and distributors should be unbundled as quickly as possible.

Some regulation might still be necessary to protect residential users and small businesses that can't easily switch from one distributor to another. But there's no reason to regulate natural gas providers who sell to large firms that can easily switch from one fuel to another in the competitive energy market. Regulation of natural gas, Costello and Duann write, should be "market accommodating and flexible." For example, instead of requiring approval for every change in prices, public utility commissions could allow firms more freedom to set prices as long as they don't exceed a price cap.

The goal of natural gas regulation, Costello and Duann argue, is to ensure free competition while protecting consumers and small businesses against excessive price increases. "The public utility industries have changed radically," they write. "There is no reason why regulation should not also."

SOCIETY

Shaming Criminals

Dan M. Kahan, "What Do Alternative Sanctions Mean?" in The University of Chicago Law Review *(Spring 1996), University of Chicago Law School, 1111 East 60th Street, Chicago, Illinois 60637.*

Many Americans have urged longer prison sentences as a response to the increase in crime, but while jail is a suitable place for murderers, rapists, muggers, and armed robbers, it may not be the best place for nonviolent criminals. Yet polls suggest that alternative sanctions, such as fines and community service, are lowly regarded.

Why are these alternatives unpopular? University of Chicago Law School Professor Kahan argues that punishments outside prisons don't make a criminal ashamed of his illegal deed, and so only when we put shame back into sentencing will alternatives to prison merit public approval.

Consider corporal punishment. No American court has ever declared corporal punishment unconstitutional, and as late as 1972 Delaware allowed prisoners to be flogged. There's even some public support for bringing back the lash: 63 percent of those surveyed in a 1994 national poll agreed that caning would effectively deter vandalism. Yet as the reaction to Singapore's caning of Michael Fay showed, many Americans equate corporal punishment not with a just sentence, but with the brutal tyranny of repressive regimes.

Other alternatives to jail, Kahan believes, are also ineffective. Even massive fines suggest that criminals buy their way out of their sentences. Community service is a particularly ineffective form of punishment because it largely consists of deeds that would be considered admirable if they were performed voluntarily.

Alternative sanctions can only be effective if they are made shameful, Kahan insists. Making people wear bracelets saying "I Write Bad Checks," and requiring people convicted of public urination to clean city streets could be starts. Kahan also approves of "public apology rituals." In Maryland, for example, some nonviolent juvenile offenders are only released if they apologize to their victims on their hands and knees and if the judge believes that the apology is sincere. Kahan urges judges to consider carefully the message their sentences send. "What punishments say," he concludes, "is an irreducible component of what they *do*."

After Standards Collapse

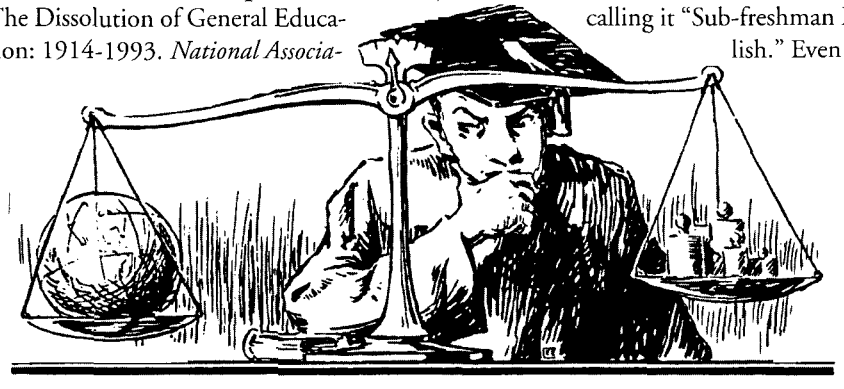
The Dissolution of General Education: 1914-1993. *National Association of Scholars, 575 Ewing Street, Princeton, New Jersey 08540.*

The debate continues about what college students ought to know. And it does so, argues the National Association of Scholars (NAS), largely because graduation requirements are a lot more lenient than they used to be. By every criterion, post-secondary education since 1964 has been marked by a "wholesale dissolution of internal structure."

The NAS assessed course requirements for B.A. degrees at 50 institutions that were ranked in a 1989 *U.S. News and World Report* survey as America's "elite" colleges and universities. They obtained catalogues for these schools from 1914, 1939, 1964, and 1993, and made comparisons. During this period, students' choices greatly expanded. The average school's total courses increased from 304 in 1914 to over 1,000 in 1993. But as student choices rose, the number of mandatory courses steadily fell. In 1914, the number of courses schools required all students to take amounted to 36 percent of the curriculum; by 1993, only 7 percent of the courses were required.

The reduction in mandatory courses also occurred within majors and departments. In 1939, only 6 percent of courses did *not* require prerequisites. By 1993, 41 percent of all courses needed no introductory courses. Universities now offer such highly specialized courses as "Russian Legal Institutions Before 1700" and "Mathematical Linguistics" without requiring any introductory courses.

The NAS also found that college curricula are less rigorous than they once were. In 1914, none of the schools in the NAS sample offered a remedial English composition course. In 1939, one did, calling it "Sub-freshman English." Even in



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1964, only three of the 50 schools offered such courses, but by 1993, 35 did. As late as 1964 none of the schools offered credit for remedial English, while 31 schools in 1993 gave credit for such courses.

A similar "dumbing down" has taken place in mathematics. In 1914, 82 percent of these colleges and universities required math courses for graduation, and all of them had math majors and non-math majors take the same courses. But by 1993, only 44 percent of schools still had any mathematics requirement, and only 6 percent of the schools required non-math majors to pass the introductory courses math majors took. Thirty-eight percent permitted the mathematics requirement to be filled by easier courses math majors could skip.

If a common core of knowledge among college graduates is lost, the NAS warns, then "we are in danger of losing the common frame of cultural reference that for many generations has sustained our liberal, democratic society."

OTHER COUNTRIES

Hong Kong Builds a Welfare State

William McGurn, "Biting the Invisible Hand," in Reason *(April 1996), 3415 South Sepulveda Boulevard #400, Los Angeles, California 90034.*

Hong Kong began its economic rise in the 1950s. With few natural resources, the British colony acquired a substantial talent pool of immigrants fleeing Chinese Communism. Led by John James Cowperthwaite, financial secretary of the colony during the 1960s, the British allowed these entrepreneurs to flourish with minimal government supervision. As a result, Hong Kong became an economic powerhouse, and the number of poor Hong Kong residents fell sharply.

Over the past two decades, however, welfare spending in Hong Kong has slowly increased—a "decisive philosophical shift" in the way the colony is governed, *Far Eastern Economic Review*'s William McGurn observes. The government now owns over half of the colony's housing, state-run hospitals have largely crowded out private competitors, and the colony has no private universities.

Hong Kong's welfare spending has increased substantially since Chris Patten became governor in 1992. A harsh Tory critic of Thatcherism, Patton presided over a 6 percent increase in Hong Kong's welfare spending. Welfare currently accounts for 47 percent of the Hong Kong budget and has increased so much that even Beijing is alarmed: Chinese negotiator Chen Zou'er recently said that the colony's welfare programs were like a Formula 1 race car out of control and likely to crash.

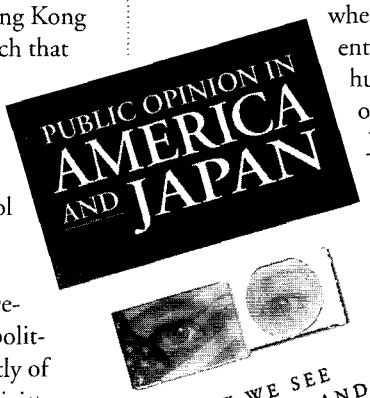
Opposition to Hong Kong's welfare program is weak. The Democrats—the colony's leading political party—are "composed mostly of teachers, social workers, and activist types who know little about business," and who want government regulation and spending to rise even faster, McGurn reports. Principled businessmen are reluctant to criticize the colonial officials for fear the Chinese will curtail or seize their investments.

The result, McGurn warns, is that no one in Hong Kong is willing to champion the market-oriented policies that made the colony such an economic dynamo. "At the very moment that [Hong Kong's] economic system has been vindicated by history," McGurn writes, "there is not a single politician from either the business or democracy camps who gives any evidence of appreciating what really makes it tick."

Inside Japanese Minds

Everett Carll Ladd and Karlyn H. Bowman, Public Opinion in America and Japan: How We See Each Other and Ourselves. *Roper Center/AEI Press, 1150 17th Street N.W., Washington, D.C. 20036.*

After analyzing a large number of polls from the United States and Japan, Ladd from the University of Connecticut, and Bowman, Opinion Pulse editor of TAE, conclude that despite their similarities, the two nations diverge sharply on many fundamental issues. Consider the roles of men and women. Educated Japanese women express views about the role of their gender in the workforce that are roughly comparable to Americans. But in many ways, Japanese express views about women that Americans would consider reactionary. Seventy percent of those surveyed want their sons to finish university, for example, but only 35 percent want their daughters to do the same. Nineteen percent said that the ideal family is a "patriarchal household where the wife is obedient and dedicated to her husband." And another poll found that Japanese women are far more likely to do the laundry, care for sick family members, buy groceries, and choose the dinner menu in their households than are American women.



As for religion, polls consistently show the Japanese are far less devout than Americans. Twenty four percent of Japanese believe in "nothing that relates to religion," 16 percent support the power of amulets and charms, and 6 percent believe in fortunetellers. Ninety-three percent of Americans and 37 percent of Japanese believe in God (44 percent of Japanese believe in Buddha), but only 13 percent of Japanese believe in sin, compared to 86 percent of Americans.

Ladd and Bowman's analysis shows that the Japanese distrust institutions more than Americans. Although the Japanese are slightly more confident about their legal system than Americans, they are far less confident about the police, the schools, the military, big business, and the legislature. Nor are the Japanese confident about their political system: one poll found only 35 percent of Japanese satisfied with democracy in their nation, compared to 64 percent of Americans.

We welcome submissions of reports, articles, or papers you think should be summarized in THE DIGEST. Please send to P.O. Box 8093, Silver Spring, MD 20907.

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However disillusioned the Japanese are with politics, they still retain great faith in the state's ability to improve lives, while "the more individualistic American public," Ladd and Bowman report, "is less inclined to look to government." Seventy percent of Americans agree that "individuals should take more responsibility for providing for themselves," compared to only 15 percent of the Japanese. Seventy-two percent of Americans, but only 19 percent of Japanese, agree that private ownership should increase in their nations. And while 76 percent of Americans endorse competition, only 40 percent of Japanese agree. "America's pervasive 'non-statism' is not being replicated in Japan," Ladd and Bowman conclude.

SCIENCE AND ENVIRONMENT

The Wilderness Was Never Pristine

Charles E. Kay, "Aboriginal Overkill and Native Burning: Implications for Modern Ecosystem Management," in Western Journal of Applied Forestry *(October 1995), Society of American Foresters, 5400 Grosvenor Lane, Bethesda, Maryland 20814.*

National park resource management is based on the theory that our parks should resemble the "pristine conditions" that supposedly existed before Europeans began to settle on the North American continent in the sixteenth century. Before Europeans came to America, the orthodoxy maintains, the forests teemed with wildlife, particularly with such big animals as elk, bison, and moose. The few Native Americans present in this primordial wilderness were too poor to cause any environmental damage.

Not true, says wildlife ecologist Kay. "The idea that North America was a 'wilderness' untouched by the hand of man prior to 1492 is a myth," he charges. "The Americas as first seen by Europeans were not as they had been crafted by God, but as they had been created by native peoples."

If the plains and mountains of the West teemed with large animals, for example, why didn't early explorers and trappers see them? When trapper Peter Skene Ogden killed three moose in 1825 near present-day Philipsburg, Montana, it was the first time either he or his men had seen one, even though their collective wilderness experience totaled over 200 years. Some 20 expeditions to Yellowstone between 1835 and 1872 saw only three bison in 735 days. Today, Yellowstone National Park is home to over 4,000 bison. Kay adds that explorers' journals routinely describe how expedition horses had to be killed for food. If deer, antelope, and bighorn sheep were abundant, why didn't explorers eat them?

Kay holds Native Americans responsible for the West's once-poor ecological health. Until their numbers were decimated by European-borne diseases, Kay theorizes, there were as many as 100 million Native Americans in the United States. These Indians practiced "aboriginal overkill." They nearly wiped out the large animals of the West, and many tribes were forced to subsist on berries. The large animals that did survive had to flee to desolate areas, such as Idaho's Snake River valley or the Arctic, that were out of the range of Indian hunters. Native Americans also routinely set fires, frequently causing large portions of the North American forest to burn.

Neither yesterday's careless stewardship nor the "hands-off or natural regulation approach" favored by today's land managers will best maintain ecological conditions, Kay writes. That will require instead intelligent and purposeful human husbandry.

Planet + People = Bloom, not Bomb

Thomas Lambert, Defusing the "Population Bomb" with Free Markets. *Center for the Study of American Business, Washington University, One Brookings Drive, St. Louis, Missouri 63130.*

"Of all the challenges facing us in this century," Sen. Alan Simpson (R-Wyo.) recently warned, "none compares to the increasing population growth of the world." This is "hyperbole," says Thomas Lambert. Not only is there little evidence that population growth harms the environment, the rising tide of people may actually help it. Today's anti-population advocates make the same errors made by the Reverend Thomas Malthus. In his classic 1798 *Essay on Population*, Malthus posited the law of diminishing returns: all other things being equal, additional workers will live on less productive lands and have fewer resources to consume, thus ensuring that as the world's population rises, the global standard of living falls.

Malthus erred in assuming that human ingenuity would not adjust to increased population, says Lambert. Since Malthus wrote his essay, the world's population has risen sixfold, but the world's workers have become 80 times more productive, bringing more wealth with fewer inputs and less waste and unwanted side effects. And so the population boost "has been no problem."

There's also a strong correlation between increased population density and rising income. Concentrating people in large urban areas increases the ability of urban residents to exchange information, thus expanding the world's supply of knowledge, which in turn leads to advances in productivity. Increased population also allows people to specialize in increasingly productive professions.

The wealth created by increased population also ensures that developing countries can afford to pay for environmental protection. University of Chicago economist Don Coursey calculates that a country's citizens feel wealthy enough to pay for ecological measures when their per capita GDP exceeds $5,000.

"Policymakers who really examine the data," Lambert writes, "will see that 'overpopulation' is a phantom threat when markets are free."

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Opinion Pulse

EDITED BY KARLYN BOWMAN

ECONOMIC ANXIETY?

Contrary to much political commentary, surveys do not suggest that Americans are particularly economically anxious. Consumer confidence is solid, and the public is more optimistic about the national economy than in many years past. The chart at the bottom right suggests that what is really eating Americans is "values anxiety," not economic anxiety.

Question: **How would you rate...?**

Economic conditions in this country today are

	Excellent/good	Only fair	Poor
1992			
April	12%	40%	48%
1996			
May	30%	50%	19%

Source: Surveys by Gallup/CNN/*USA TODAY*, latest that of April 9–10, 1996.

Question: **How would you rate...?**

Condition of the national economy these days is

	Very/fairly good	Fairly bad	Very bad
1992			
April	24%	40%	34%
1996			
April	56%	29%	13%

Source: Surveys by CBS News/*New York Times*, latest that of March 31–April 2, 1996.

University of Michigan Index of Consumer Sentiment

April 1980	52.7
April 1984	96.1
April 1988	91.2
April 1992	77
April 1996	92.7

Based on quarterly averages, the index has ranged from a low of 54 in 1980 to a high of 103 in 1965. The points above are data from the monthly surveys.

Question: **On a scale of zero to ten, how serious do you feel...**

	Extremely serious problem for the country	Moderately serious	Not that serious
Violent crime	66%	28%	5%
Drug abuse	57%	31	11
Federal deficit	49%	35	13
Moral values of society	48%	33	18
Welfare system	45%	39	14
Health care system	39%	39	21
Public education system	34%	42	23
The economy	26%	48	24
The job situation	25%	44	29

Source: Survey by the Gallup Organization, September 14–17, 1995.

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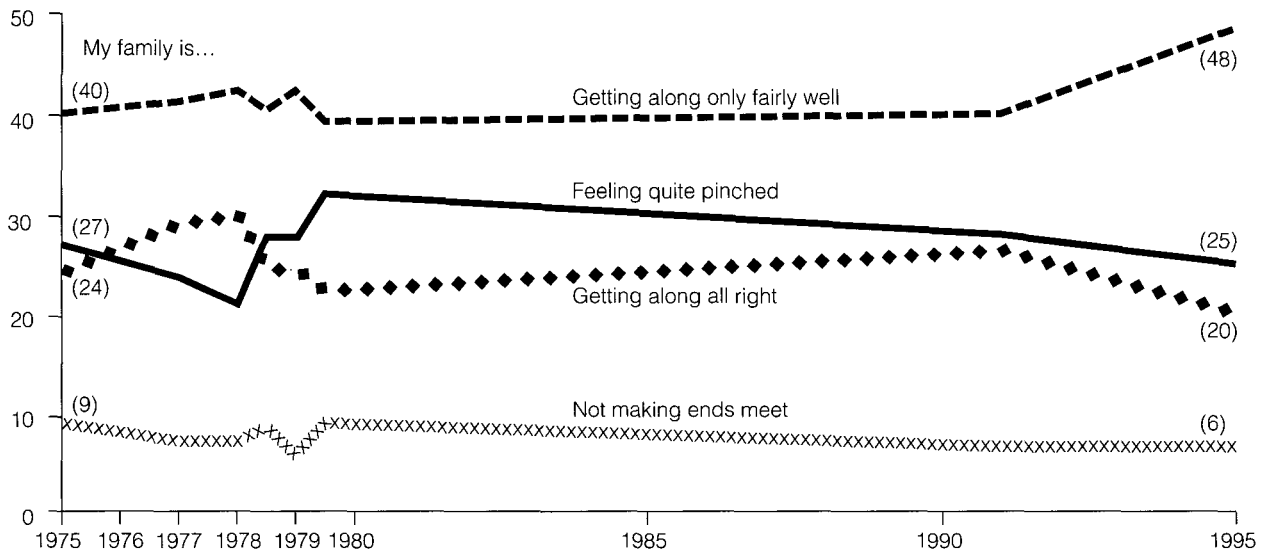
Personal Finances

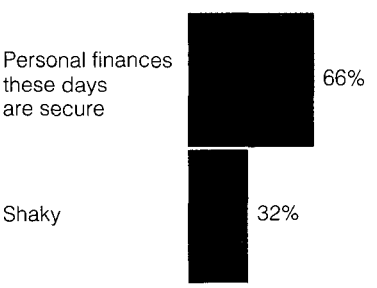
Twenty year trends show only modest changes in the way people feel they are getting along financially. For many years, roughly a quarter of the population have said they are "feeling pinched." About one in ten say they are not making ends meet. A new *Los Angeles Times* poll confirms that about two thirds view their personal finances as secure, one third as shaky.

Question: **Considering your income and what you have to live on and the cost of living, how would you say your family is making out today...**



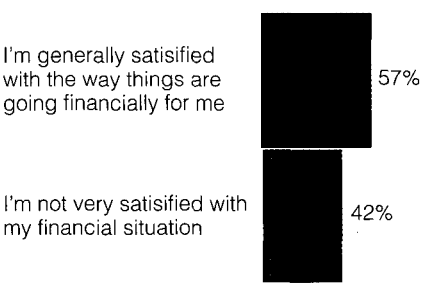
Source: Survey by Roper Starch Worldwide, latest that of December, 1995.

Question: **How would you describe the state of your own personal finances these days?**



Source: Survey by the *Los Angeles Times*, April 13–16, 1996.

Question: **I am going to read some pairs of statements that will help us understand how you feel about a number of things. As I read each pair, please tell me whether the first statement or the second statement comes closer to your own views...?**



Source: Survey by the Pew Research Center, April 19–25, 1996.

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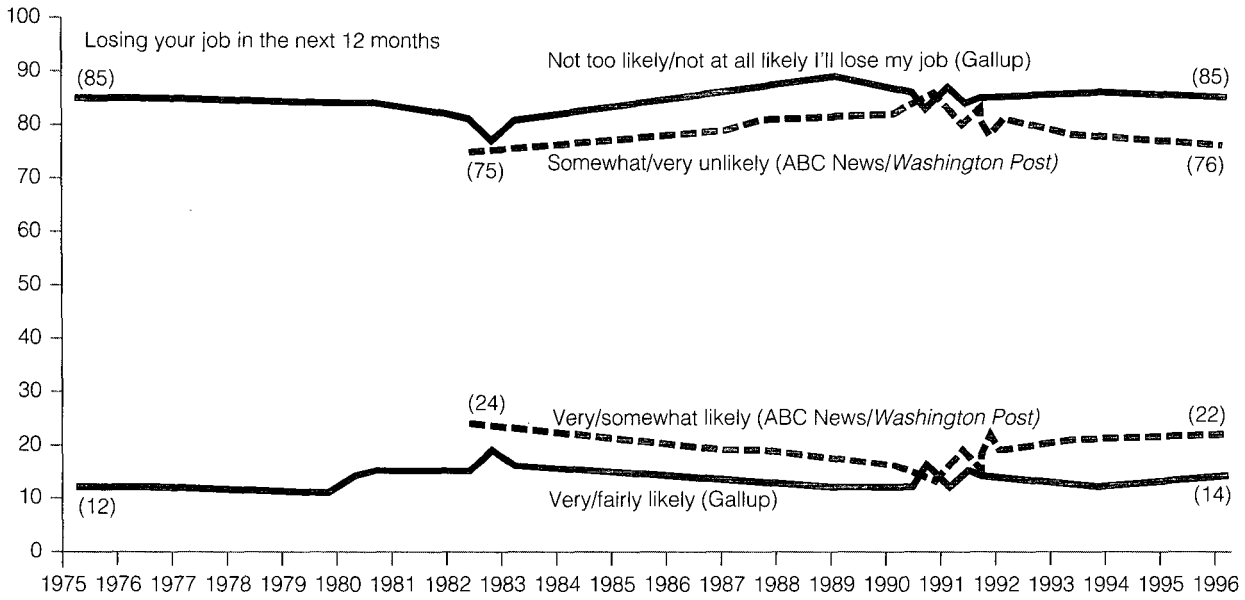
Job Security

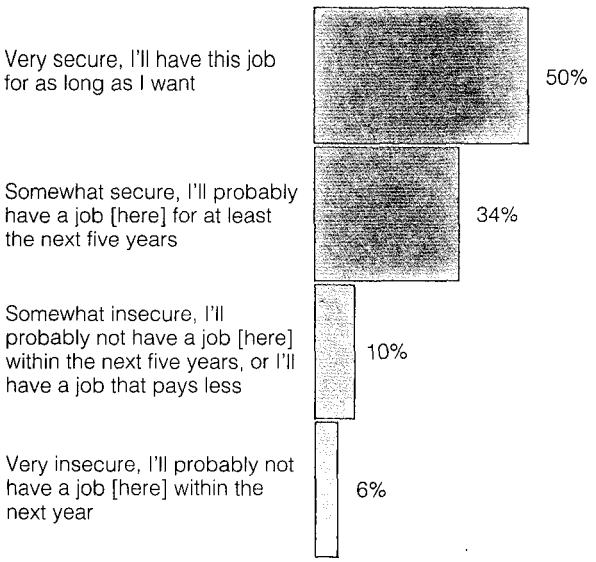
Large majorities think it is unlikely they will lose their job in the next year. It is not unusual, compared to earlier years, that roughly two in ten are worried. Half of all workers expect to have their current job as long as they want, and 34 percent expect to have it for at least the next five years.

Question: **How likely do you think it is that you will be laid off or lose your job in the next year? Are you...**



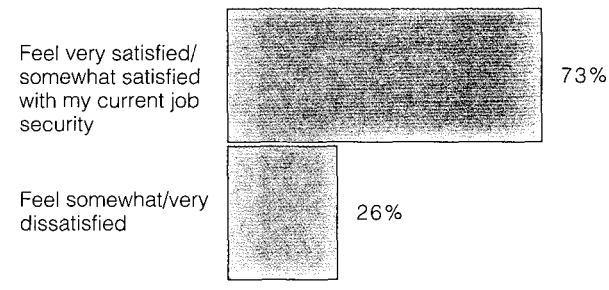
Source: Surveys by the Gallup Organization, latest that of April 9–10, 1996 and ABC News/*Washington Post*, latest that of March 14–17, 1996.

Question: **How secure do you feel in your present job?**



Source: Survey by Wirthlin Worldwide, January 19–23, 1996.

Question: **Let me read you several elements relating to the current economy. For each one, please tell me if this is an area you feel satisfied or distressed with.**



Source: Survey by NBC News/*Wall Street Journal*, March 1–5, 1996.

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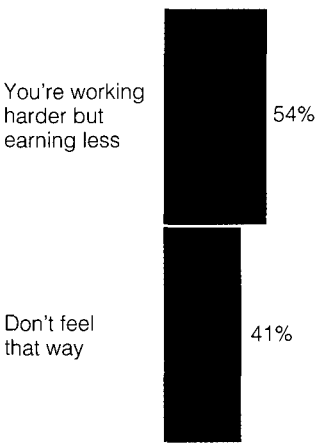
What Worries Us

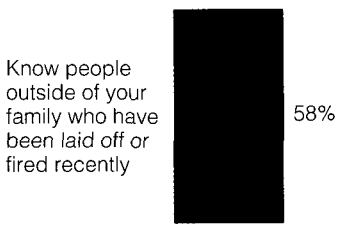
Although polls show modest concern about expected job losses, there are underlying worries. Most people expect downsizing to continue, and about 60 percent say they know someone who has been laid off or fired recently. As many Americans say government should do something about layoffs as say government should stay out. Most believe these problems are beyond the control of the President, labor unions, or Republican leaders.

Question: **Do you feel...?**



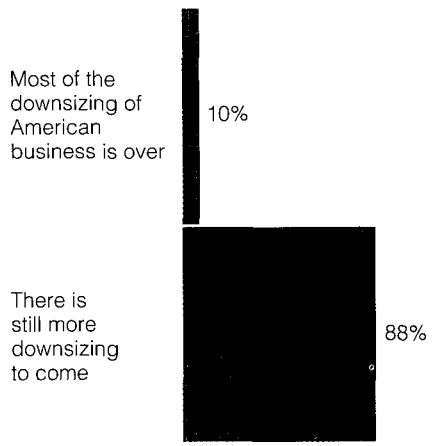
Source: Survey by ABC News/*Washington Post*, March 14–17, 1996.

Question: **Which of the following statements apply to you?**



Source: Survey by Gallup/CNN/*USA TODAY*, April 9–10, 1996.

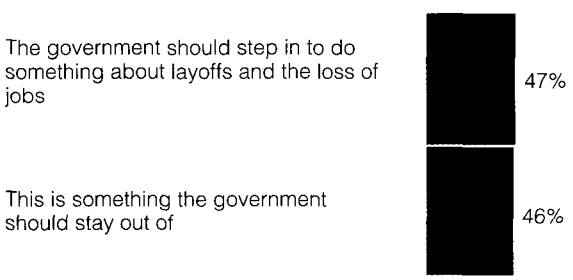
Question: **Thinking about downsizing, do you think...?**



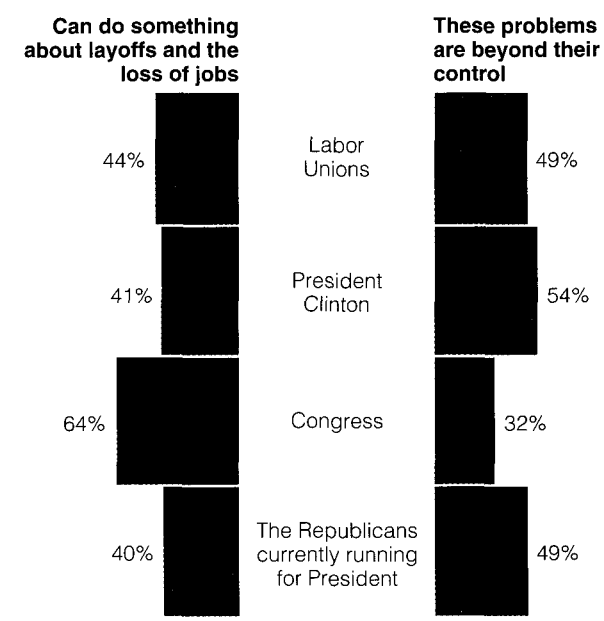
Source: Survey by NBC News/*Wall Street Journal*, January 13–16, 1996.

What Can Be Done?

Question: **Do you think...?**



Question: ***Do you think...?***



Source: Survey by the *New York Times*, December 3–6, 1995.

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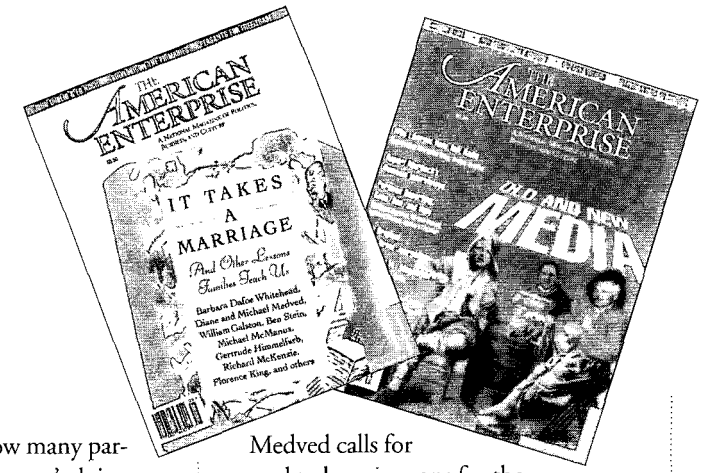

Karl Zinsmeister summarizes the tie between marriage and fatherhood with admirable brevity: "no solid marriage, no good family man." (BIRD'S EYE, May/June) But it does not follow that "an attempt to build up a 'fatherhood movement'" is largely a waste of time, since "talking about fatherhood off on its own is not likely to influence daily behavior much."

Few leaders of today's nascent fatherhood movement would dispute the thesis that marriage is the life support system for effective fatherhood. So Zinsmeister is mostly quarreling with people who agree with him. Greater public awareness of the crisis of fatherlessness, combined with new community-based initiatives, is not only "likely" to produce good results, but is already doing so. And many men report that becoming a father is the most life-changing thing that ever happened to them. Surely this potentially transformative human experience is one possible seedbed of social reform, and cultural renewal.

David Blankenhorn
Institute for American Values

I never intended to become a single parent. But like millions of others who found themselves in disastrous marriages that could not be saved even with lots of family counseling, that is what happened. Should I hang my head in shame because I got divorced, as some of your contributors seem to be saying? As a single father striving to raise my son to be decent and productive, I resent being lumped together with welfare mothers and New Age hedonists as the cause of a decadent new underclass. Don't tar everyone with the same brush.

The holier-than-thou broadsides suggest one is a failure as a human being unless one remains in a deadly marriage for the sake of children. I know many parents who do that, but they aren't doing favors for their children, who will grow up with frightening ideas about relationships.

Few people break up their families on a whim. Matrimonial cases take long enough to crawl through the courts. Imposing an extra layer of government interference isn't going to solve society's problems.

Being a single parent is a challenge. But it takes care of that nagging problem about what to do with one's free time and spare money. We can't all live in "Leave It to Beaver" households. There's room within the family values "movement" for us too. Just ask Newt and the Gipper.

Mark Crane
Hillsdale, New Jersey

I was encouraged to see your recent issue on marriage and childhood. As a cultural historian, I have tried with limited success to revive the sense that marriage was once intended to promote the interests and security of the expected children, not just to legitimize sexual relations. The treatment of children is the best indicator of a society's moral worth. Your issue was welcome evidence that we no longer imagine that child welfare is so unimportant that it may be left to government.

C. John Sommerville
University of Florida

Your May/June issue's position on the family is fundamentally incoherent. You properly deride attempts by big government, "experts," and communities to usurp families' discretion in raising their children. Yet you advocate intrusive collective measures for couples with troubled marriages, Gertrude Himmelfarb mocks a child-rearing manual that urges parents to be indifferent to their children's feelings, Michael Medved calls for an end to honeymoons for the greater social good, and Karl Zinsmeister suggests that an employer fire a worker who refuses marriage counseling. If it doesn't take a village to raise a child, it doesn't take a village to save a marriage.

Jendi B. Reiter
New York, New York

Although your special issue on marriage is excellent, history and anthropology do not show that "the preference for monogamy… seems to be a kind of Iron Rule of human culture." A variety of cultures practice polygamy. Even Judaism permitted first polygamy and then serial polygamy via divorce. Christ introduced strict monogamy with his severe strictures on divorce. It took a while for the Church to enforce this principle on Germanic northern Europe, but by the high Middle Ages the principle was firmly established. Although I believe in the indissolubility of marriage, I think it is important to recognize that Christianity is unique in insisting on strict monogamy. It took several centuries of secularization before this vestige of Christian belief lost its hold on Western culture.

Dennis D. Martin
Loyola University, Chicago

Karl Zinsmeister's BIRD'S EYE (March/April) turns poor old James Madison upside down into a radical democrat. Yes, the "electors" ought to be the great body of the people, in Madison's view, but they should not "make the great choices in our land." He could not have been more clear in *Federalist 10* from which Zinsmeister draws the line about "refin[ing] and enlarg[ing] the public views." Madison did not say that this should be the "goal of our national institutions." He believed that, be-

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cause people would elect individuals of superior talents, the Congress would make better decisions than would the people themselves. *Federalist 10* is a powerful argument against direct democracy, and in this Madison shared most of the founders' views, and they had very mixed feelings about the press. They did not much care for voluntary associations or parties. There's just no doubt Madison would have hated talk radio.

Michael Schudson
University of California, San Diego

Claude Barfield's blast at the Flat Panel Display Initiative (ENTERPRISING, Jan./Feb.) exhibits a surprising disregard for the facts. He says the administration has sharply changed its justification for the initiative. But there has been no change. He claims the argument for the initiative was that "buying displays from Asians is not safe." But Japanese policies hindering Pentagon access to their display technology were a major problem. He says that the program budgets $250 million in public money for research and production subsidies. But there are no subsidies.

Kenneth Flamm
Brookings Institution

My compliments to Blake Hurst for his uncompromised commitment to integrity ("The Government as Gambling Partner," March/April). Gambling is a national issue which is almost totally consuming for those of us on the front line of opposition. The amount of money passing through the hands of our elected officials to obtain favorable treatment for the gambling industry is incredible. The media are frequently compromised by advertising revenue and thereby prostituted to the casino interests.

Trisha J. Arndt
National Coalition Against Legalized Gambling

Blake Hurst quotes me saying that local businesses have not benefited from the presence of the St. Jo Frontier riverboat casinos. I am shocked because I have never expressed this attitude. I did not make these comments, and I do not like to be quoted when I did not inject the information into the article.

Larry R. Stobbs
Mayor, St. Joseph, Missouri

Blake Hurst replies:
The statement about gamblers' spending habits that I quote was made by Mayor Stobbs on a local radio station in fall 1995 and is accurate as presented. I apologize for leaving the impression that the Mayor thinks St. Joseph's casino is, overall, anything less than an economic wonder.

Contrary to Hurst's article, the gaming industry is one of the greatest contributors to our economy, employing more than one million Americans annually. Every $100 million in casino revenues generates approximately $22 million in direct supply purchases from other businesses and creates over 225 full- and part-time local non-casino jobs. In 1995, casino employees across the country received $9.4 billion in salaries—money that purchased homes, cars, and VCRs. It is also estimated the gaming entertainment industry will make direct capital investments in excess of $3 billion for new construction projects in 1996 alone, providing much-needed jobs in the construction trades.

Consider Tunica, Mississippi, which has experienced a 29 percent drop in welfare recipients, and where retail sales in this small town have increased by 600 percent since the introduction of legalized gaming in 1992. Similar success stories have been recorded in Illinois and Missouri. The real winners of casino gaming are the citizens and towns that have chosen it.

Despite the fact that 95 percent of American gamblers experience no negative side effects, the industry has established the National Center for Responsible Gaming in Kansas City, Missouri, which will fund independent research on underage and problem gaming, its causes and potential treatment.

Acceptance of the gaming entertainment industry is at an all time high—91 percent of U.S. adults surveyed support it, and 81 percent consider casino gaming a fun night out. One must always remember that gaming is a form of entertainment, which everyone has the right to choose.

Frank J. Fahrenkopf, Jr.
President, American Gaming Association

I was pleased to see that Hurst cited Rep. Frank Wolf (R-Va.). But Wolf has something much more important to say about the government as a gambling partner than the fact that four senators in Louisiana are under FBI investigation for gambling-related alleged crimes. Of greater importance is the need for a national study of the impact of gambling on our society as a guide to future legislation. The Congress has overwhelmingly voted for the Wolf Bill, which has bipartisan support in both houses, and the support of President Clinton as well.

William A. Koehnline
National Council Against Legalized Gambling

Hurst claims that "gambling cannibalizes existing businesses," and so the "overall economic benefit to the economy is nil." But Hurst overlooks the large body of empirical evidence which shows that existing businesses perform better *after* the introduction of casinos: in Deadwood, South Dakota, total real trade grew 16.8 percent in two years. In and around Vicksburg, Mississippi, 71 percent of businesses countywide reported that their revenues were up. Most towns and cities within a 30-mile radius of a non-urban casino in Minnesota experienced marked economic growth. And retail sales and tax collections on the Mississippi Gulf Coast have increased more than 40 percent.

Hurst also argues that gambling promotes a "something for nothing" mentality that is inimical to the work ethic. But the typical casino customer has a household income approximately one-third higher than the national average and is better educated and more likely to hold a white-collar job than the average American. The typical casino player differs from the typical lottery player. Lotteries' principal appeal is to low-income Americans as a way to change their lives in a significant material way. Casinos, on the other hand, are for most people a fun night out with one's friends—no more a threat to the work ethic than an evening at the theater or a professional sports event. The overwhelming majority of casino customers enjoy the casino product without harming themselves or others.

Dean W. Hestermann
Manager, Harrah's Entertainment

CORRECTION: Fooled by an April Fool's edition of *Notable Quotables*, our May/June SIDELIGHTS repeated a spurious quotation attributed to Peter Jennings.

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Every time Texaco plants a tree, we plant a seed in their minds.

It's all part of doing our part for the environment.

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supporting the National Tree Trust, or planting marsh grass

with Louisiana State University to protect and preserve a coastline,

we're working to cultivate respect for the earth in the next generation.

With Texaco's help, a major environmental education center

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It's called the Children's Adventure Workshop.

We think it will be a great place for minds to grow.

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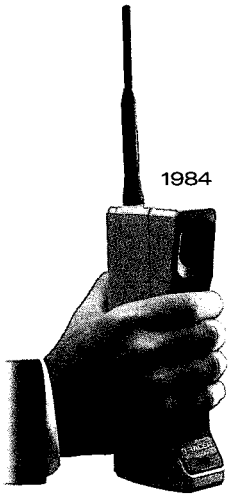
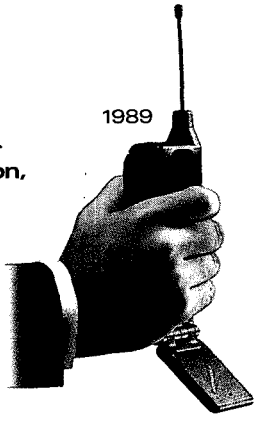
The people who introduced

hand-held wireless communication,

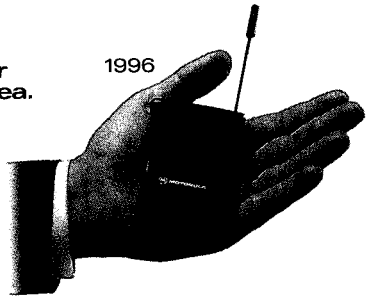


and portable cellular communication,



and personal cellular communication,

had another little idea.



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